

# EXHIBIT 1



## EILERS – FANTINI Quarterly Slot Survey

***The Gaming Industry's largest Slot Survey***

Summary Results for 3Q CY17

Published by

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**Special Note:** We have now started to break out individual state information in our summary report as long as there are at least two responses. This quarter we added New Jersey, Pennsylvania, Minnesota, and Indiana markets. In total, this qtr's report includes a break out for the following states/jurisdictions:

Arizona	Illinois Casinos	Nevada Casinos	Wisconsin
California	Illinois VGTs	New Jersey	
Canada Casinos	Louisiana	New Mexico	
Colorado	Maryland	Ohio	
Delaware	Michigan	Oklahoma	
Iowa	Mississippi	Pennsylvania	
Indiana	Minnesota	Washington	

## 1. Executive Summary

The *EILERS-FANTINI* survey is designed to track slot machine and related technology purchasing trends on a quarterly basis and is the gaming industry's largest slot survey in terms of total casinos and slot machines surveyed. This quarter's report represents our 32<sup>nd</sup> proprietary slot survey and includes record level responses from key purchasing agents at a number of North American commercial and Tribal casinos, several Racino/VLT operators, as well as several international participants. In total, our 142 survey participants collectively operate 644 casinos and 23,164 retail outlets worldwide with ~548,900 total slot machines or equivalent electronic gaming devices. Our 123 N. America participants operate 317 casinos, 5,964 retail outlets, and ~377,400 slot machines, representing ~38.4% of the total install base of gaming machines in N. America. The avg casino surveyed in N. America had ~1,191 slot machines installed while the avg international casino surveyed had ~525 slots installed.

### Key Survey Highlights:

- **Aristocrat's *Lightning Link* remains industry's top game and expands its lead.** Aristocrat's *Lightning Link* remained the industry's top performing Premium Leased game this quarter and it continues to grow in popularity. Aristocrat's *Buffalo Grand* regained 2<sup>nd</sup> place while IGT's *Wheel of Fortune* dropped one slot to 3<sup>rd</sup> place.
- **N. America purchasing activity strong in 3Q CY17.** Our North America survey participants purchased and took delivery of 7,961 slot machines in 3Q CY17 including 1,035 new & expansionary units and 6,926 replacement units while also purchasing 5,029 conversion kits in the quarter. Based on this quarter's survey results, we estimate total N. America replacement sales are likely to be between 16,000 and 18,000 games sold in 3Q CY17 which is well above our current industry forecast and stronger than expected in a seasonally light quarter. Including new and expansionary demand, we estimate total slot demand for the quarter to be between 17,000 and 19,000 games sold.
- **Forward slot replacement expectations continue to improve.** Our 123 N. America survey participants (operating 317 casinos & 377,389 slots) plan to replace an average of 7.8% of the casino owned games on their floors (8.0% ex Route) over the next 12 months. Note, both figures are slightly above our last survey and continue to increase at a moderate rate after hitting a low point in March '15. Tribal markets and International casino operators continue to replace games at a much higher rate than Commercial casinos although Commercial is starting to pick up and is the primary driver for the overall improvement in the avg replacement rate.
- **International Purchasing activity.** Our International participants purchased 1,309 games in the quarter including 497 new & expansionary units and 812 replacement games while also purchasing 597 conversion kits.
- **Gainers / Losers.** Aristocrat, SciGames, AGS, Everi, and Incredible were the primary market share gainers on sold games this quarter while Aristocrat was once again the dominate share taker in the lease / participation category followed by positive / healthy gains from SciGames, AGS, Ainsworth, Incredible, and Everi. IGT and Aruze were the only vendors to show a net reduction in games installed.
- **Non-Big 4 vendors gained share, hit record.** In aggregate, Non-Big 4 vendors recorded a whopping 23.4% share on total game sales for the quarter and 24.4% on adjusted sales excluding Canada/Oregon/Illinois VLT/VGTs, both of which were up significantly from our prior surveys. Key contributors to the gains were AGS, Everi, Ainsworth, and Incredible.
- **Gaming Ops install base expands.** This quarter our N. America participants added +1,283 (net) lease / participation games to their install base making it the 8th out of the last 9 qtr's that participants have added games overall. The additions this qtr came from both the Premium and Non Premium segments. Note, our survey excludes an expected -1,300 net *Gaming Ops* removals due to the conversion of the last remaining Maryland VLTs from a lease to a sale in the qtr.
- **Top performing Casino Owned games.** Top 3 performing CASINO OWNED games in the quarter were 1) Aristocrat's *Buffalo*, 2) SciGames *Dancing Drums*, and 3) SciGames' *Lock It Link*. Note, SciGames *Dancing Drums* displaced Aristocrat's *Wonder 4* this qtr while *Buffalo* and *Lock It Link* held the same position vs. last qtr. In aggregate, the top supplier remained unchanged (IGT) while SciGames moved back into the second spot and Aristocrat was third.
- **Best performing NEW casino owned game.** SciGames *Dancing Drums* on its new Twinstar J43 cabinet was the best performing new "For-sale" game this qtr defined by being on the floor for less than 60 days. This is the forth qtr in a row that SciGames has won the best new game.
- **G2E Supplier & Game Awards.** Aristocrat was voted the top supplier for the 4<sup>th</sup> year in a row with SciGames capturing the second spot while IGT was third. Best Technology was IGT's 4D technology followed by Aruze's custom LCD table game and then IGT's Cardless Connect. Best new Premium Leased games included SciGames new *James Bond* games followed by IGT's *Sphinx 4D* and Aristocrat's *Dragon Link*.

**Individual Supplier Highlights:**

- **SciGames Sales improve on new J43, Gaming Ops finally expands.** Survey participants purchased 28.4% of their games (27.0% ex Route) from SciGames in the qtr, which was +1.8% pts above its TTM ship share and +1.6% pts above its adj. TTM share ex Route/VLT sales. SciGames' share of top performing Casino-owned games improved for the fourth qtr in a row to 28% vs. 22% last qtr and a low of 17% four qtrs back driven by the company's recently introduced *Lock-it Link* game and its new *Dancing Drums* and *Heidi's Bierhaus* games on the J43 cabinet. Improved new game performance has also impacted the company's overall game performance as its Casino-owned performance index remained at 1.0x house average vs. a low of 0.92x four qtr's ago. Looking forward, participants expect to allocate 28.0% of total game sales including replacements (traditional & VLT) and new openings over the next 12-months which was slightly above the prior qtr. As for Gaming Ops, survey participants added a healthy +159 (net) leased / participation games in the qtr marking the first qtr of meaningful growth in the install base in over a couple years. Note, this excludes an expected ~500 Maryland VLT least-to-sale conversions that will come out of the install base. We note the company's share of top performing premium leased games declined slightly to 20% vs. 22% last qtr. However, the company's broader portfolio of Premium games indexed at 1.86x house avg which was up from 1.76x last qtr and a low of 1.66x four qtrs back. On the International front, survey participants purchased 16% of their games from SciGames in the qtr driven by strong Europe and Australia/NZ contributions. International participants also added +471 leased/participation games driven by European VLT and LATAM. **Finally, we note SciGames should benefit from a sizable Class II opening in 1Q18 which should add another +400 games to its Non-Premium install base.**
- **Aristocrat: Sales strong, Gaming Ops continues to Expand.** Survey participants purchased 24.1% of their games (25.3% ex Route) from Aristocrat in the qtr, which was +6.5% pts above its TTM avg and +6.0% pts above its adj. TTM share ex Route/VLT markets. While sales were strong, game performance declined a bit as the company's share of top performing casino-owned games dropped for the fourth qtr in a row to 18% vs. 22% last qtr and its peak of 28% four qtrs back. Overall casino owned game performance also dipped to 1.22x house avg vs. 1.31x last qtr, which was the lowest number in over two years although we note it's still the highest among the Big 4. Looking forward, participants also expect to allocate 19.4% of forward purchases to Aristocrat over the next 12-months including replacements and new openings and 23.2% excluding Route/VLT markets and excluding 100% leased markets. Note, the overall number is down slightly while the adjusted number is relatively the same as last qtr. As for Gaming Ops, results remain strong as survey participants added another +580 (net) leased games in the qtr (+454 Premium & **+126 Class II**). Similar to SciGames, this gain excludes an expected ~150 Maryland VLT least-to-sale conversions that will come out of the install base. In addition, the company's share of top performing Premium Leased games increased to 51% vs. 45% last qtr and its overall Premium index hit another record at 2.73x house vs. 2.72x last qtr as the rest of the install base continues to perform well. On the Intl front, survey participants purchased 21% of their games from Aristo driven by strong sales in Asia, Europe, and L. America.
- **IGT: Game Sales & Gaming Ops both remain challenged.** Survey participants purchased 15.3% of their games (14.1% ex Route) from IGT in the qtr, which was -12.0% pts below its TTM ship share average and -10.4% pts below its adj. TTM share ex Route/VLT markets. Overall casino-owned game performance continues to index below house average at 0.89x while the company's share of top performing casino owned games declined to 32% vs. 35% last qtr. While near term sales were weak, there was a bright spot as survey participants expect to allocate 21.8% of sales to IGT over the next 12-months including replacements and new openings and 20.1% excluding Route/VLT markets and 100% leased markets, both of which were up from our prior surveys. As for leased games, survey participants removed -144 (net) leased games in the qtr primarily from a reduction in Premium games while the Non-Premium base remained stable. Again, this excludes an expected -600 Maryland VLT least-to-sale conversions that will come out of the install base. The company's share of top performing Premium leased games also declined to a new low of 16.5% vs. 20.0 last qtr and the company's overall Premium games indexed at 1.63x house vs. 1.64x last qtr and 1.73x house two qtrs back. On the International front, participants purchased 11% of their games from IGT in the qtr while adding +546 leased games driven by growth in European Casino and VLT markets and Latin America.
- **Konami: Game Sales and Gaming Ops continue to slide.** Survey participants purchased 8.7% of games (9.2% ex Route) from Konami in the qtr, which was -1.7% pts below its TTM avg ship share and -2.1% pts below its adj. TTM share ex Route/VLT. In terms of performance, the company's share of top performing casino owned games remained steady at 5.7% vs. last qtr but still down from 7.7% three qtrs back and historically low. The company's overall casino owned game performance indexed at 1.00x house avg, which was down from 1.05x last qtr and a high of 1.12x four qtrs back. Looking forward, participants expect to allocate only 8.5% of expected forward 12-month sales to Konami including replacements and new openings and 10.8% excl Route Ops markets and 100% leased markets. Note, both numbers are down slightly from our last survey. As for Gaming Ops, the company's install base was relatively unchanged in the qtr while its share of top performing premium leased games remains low at 1.0% and its overall performance on Premium leased games also remains low at 1.30x. On the Intl front, participants purchased 10.0% of games from Konami w/ strong Australia/NZ sales.

- **Everi: Sales improve; Gaming Ops grows.** Survey participants purchased 5.7% of their games (5.9% ex Route) from Everi in the qtr, which was +0.7% pts above its TTM avg ship share and +0.5% pts above its adj. TTM share ex Route/VLT. We note the company's trailing numbers were boosted by a sizable new opening in Washington two qtrs back, making the gains this qtr even more noteworthy. The company's share of top performing casino-owned games improved 3.3% vs. 2.4% last qtr while overall game performance indexed at 1.05x house average which is relatively consistent with prior qtrs. Forward expectations were also strong with survey participants expected to allocate 6.0% of forward 12-month purchases (6.6% ex Route) including replacements and new and expansionary sales. As for Gaming Ops, survey participants added another +96 (net) leased games in the qtr mostly driven by both Premium and Non-Premium (ie Class II) installs. **Furthermore, we note Everi should benefit from a sizable Class II opening in 1Q18 which should add another +400 games to the Non-Premium install base.** On the Premium side, we note the company's share of top performing premium leased games rebounded to 3.8% vs. 3.1% last qtr and its overall Premium performance index improved to 1.53x house vs. 1.44x last qtr. Finally, we highlight the first time Everi has shown up in the International Sales section as participants purchased 6.0% of their games from Everi in the qtr driven by sales in L. America.
- **AGS: Game Sales Surge, Gaming Ops expands.** Survey participants purchased 7.5% of their games (7.9% ex Route) from AGS in the current qtr, which was a whopping +5.7% pts higher than its TTM avg. ship share and +5.9% pts above its adj. TTM average ex Route. The company's share of top performing casino owned games improved to 3.0% vs. 1.8% last qtr 1.0% three qtrs back and overall casino owned game indexing led the market at 1.75x again this qtr. Looking forward, survey participants expect to allocate an impressive 5.5% of game purchases (6.1% ex Route) to AGS which was slightly above our last survey and would be a meaningful ramp in game sales in CY18. As for Gaming Ops, survey participants added +149 (net) leased games to their install base during the qtr mostly on the Non-Premium side as the Premium install base remained flat. Our checks indicate that AGS has been offering games on its premium Orion platform for sale, which has limited growth in the Premium category but is likely boosting sales and casino owned performance. Nevertheless, the company's share of top performing premium leased games improved to 5.5% this qtr vs. 3.1% last qtr while the performance of its Premium games in aggregate increased dramatically to a record 2.68x house vs. 1.96x last qtr. Note, the company did not have any international sales in our survey. **Finally, we note AGS should also benefit from a sizable Class II opening in 1Q18 which should add another +200 games to the Non-Premium install base.**
- **Ainsworth: Decent results in seasonally light period.** Survey participants purchased 4.1% of games (4.3% ex Route) from Ainsworth in the qtr, which was in-line its TTM avg ship share and adj. TTM share. Ainsworth's share of top performing Casino Owned games held steady at 6.5% vs. last qtr and overall vendor performance indexing remained healthy / steady at 1.12x house similar to last qtr. Looking forward, survey participants expect to allocate 3.7% of forward 12-month purchases and 4.1% ex Route Ops including replacements and new and expansionary sales which was consistent with prior qtrs. As for Gaming Ops, survey participants added +144 (net) leased games in the qtr. The company's share of top performing premium leased games remained at 1% while the company's overall portfolio of Premium games indexed at 1.51x house vs. 1.30x last qtr and 1.25x two qtrs back likely driven by the strong performance of Pacman. On the International front, survey participants purchased 12% of their games from Ainsworth driven by strong L. America sales.
- **Incredible Technologies grows Gaming Ops.** Survey participants purchased 3.4% of games (3.6% ex Route) from Incredible this qtr, which was +1.9% pts above its TTM avg ship share and +2.0% pts above its adj. TTM avg. ship share. The company's share of top performing casino owned games dipped slightly to 1.4% vs. 1.8% last qtr and the company's overall game performance also dipped slightly to 1.37x house vs. 1.44x last qtr and a high of 1.62x last year. Despite the dip, we note IT is still the second highest indexing vendor. Looking forward, survey participants expect to allocate 2.5% of forward 12-month purchases (3.1% ex Route & 110% leased markets) including replacements and new and expansionary sales, which was down slightly with prior qtr responses. As for Gaming Ops, survey participants added an impressive +143 (net) leased games in the qtr (was a survey record for IT) and the company's share of top performing Premium games continues to inch up at 1.4% vs. 1.3% last qtr and 1.0% a year ago. Also, Premium leased games in aggregate performed at 1.8x house, which was down slightly from last qtr although still very high and makes Incredible the second best non-Big 4 vendor. Note, the company did not have any international sales in our survey.
- **Aruze: Continues to struggle, can new mgt turn it around?** Survey participants only purchased 1.2% of games (1.3% ex Route) from Aruze in the qtr, which was -2% pts below its TTM avg ship share. The company's share of top performing casino owned games remains at 0% and overall game performance continues to index well below house average at 0.88x. Looking forward, survey participants are bit more optimistic with expectations to allocate 2.2% of forward 12-month purchases (2.5% ex Route) including replacements and new and expansionary sales, which was a bit higher than our previous surveys. We believe the increase is likely driven by new mgt's performance guarantees and a focus on developing unique game content. As for Gaming Ops, survey participants removed -54 (net) leased games in the qtr and the company did not have any top performing premium leased games. On the International front, survey participants purchased 6% of their games from Ainsworth driven by strong L. America sales.

## 2. Participant Summary

### Questions 1-3 - Contact information, Operator Classification, & Total casinos & slots under management.

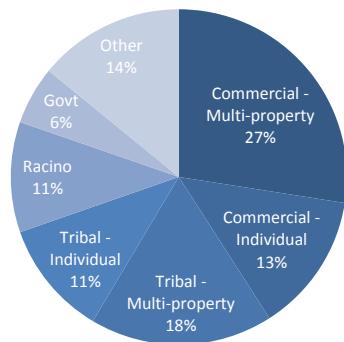
In the table and pie chart below, we provide a summary level view of this quarter's survey participants broken down between North America and International casino operators, U.S. tribal vs. commercial, and whether or not the response was from an individual casino or from a larger corporate multi-property operator.

Classification	Responses	Properties	Retail	Slots
<i>U.S. and Canada participants</i>				
Commercial - Multi-property	8	82	n/a	103,710
Commercial - Individual	33	33	n/a	50,767
Tribal - Multi-property	17	99	n/a	66,464
Tribal - Individual	24	24	n/a	41,948
Racino (Class III & VLT)	17	21	n/a	40,193
Government (Class III & VLT)	3	30	852	21,157
Other (Mgt Co., Private Route Operator, Cruise Ship, Distr.)	21	28	5,112	53,150
U.S. & Canada Total	123	317	5,964	377,389
<i>Avg. size of casino (ex VLT retail locations)</i>				
<i>Est N. America Install base as of June 30, 2017</i>				
<i>% of N. America install base</i>				
<i>International participants (3 Asia, 9 Europe, 5 L. America, 1 Aust, 1 S. Africa)</i>				
Commercial - Multi-property	10	305	0	66,129
Commercial - Individual	4	4	0	5,308
Government Owned	1	14	0	7,394
Other (Casino Mgt Co, Route Operator, Distr.)	4	4	17,200	92,700
Total International	19	327	17,200	171,531
<i>Avg size of casino</i>				
<b>Total worldwide</b>	<b>142</b>	<b>644</b>	<b>23,164</b>	<b>548,920</b>

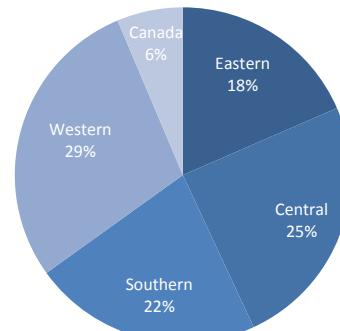
Note: Route Operators are counted as a single property

Source: EILERS-FANTINI Quarterly Slot Survey

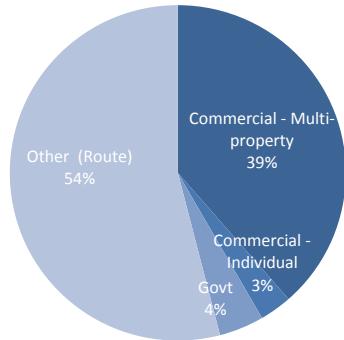
**Participant Type - N. America**



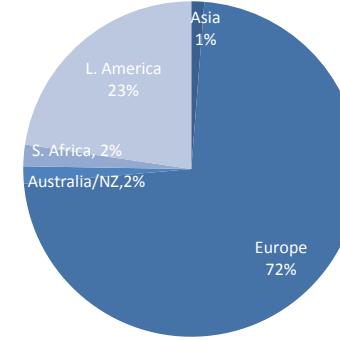
**Participant Geography - N. America**



**Participant Type - Intl**



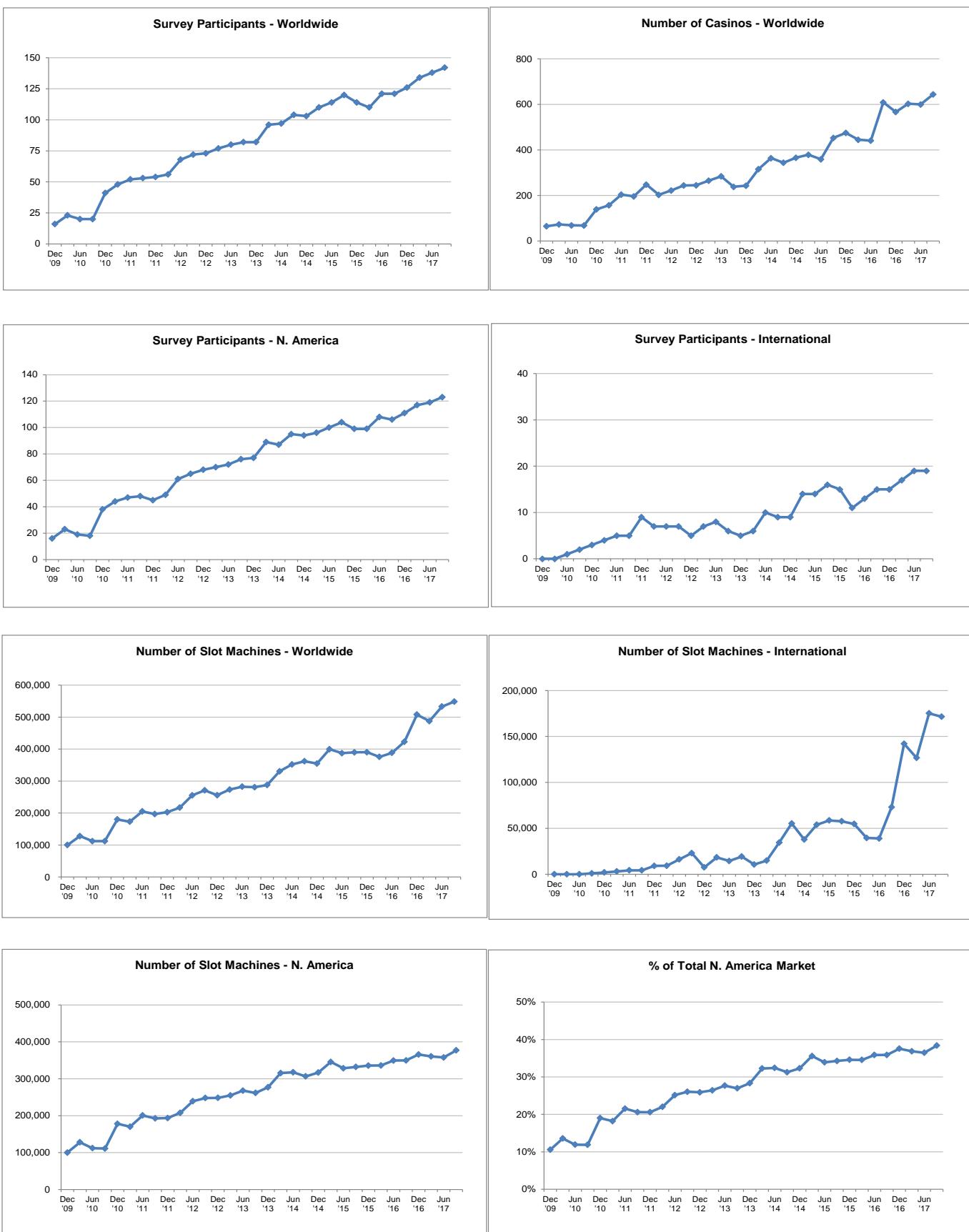
**Participant Geography - Intl**



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

### 3. Key Participation Trends



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

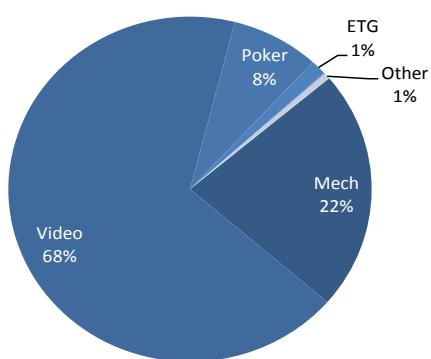
#### 4. Product Type Mix

**Question 4-5 - Of the total number of slot machines installed as of Sept 30, 2017, please indicate how many games are considered mechanical reel, video slot, video poker, video bingo, multi-game, and/or electronic table game terminals?**

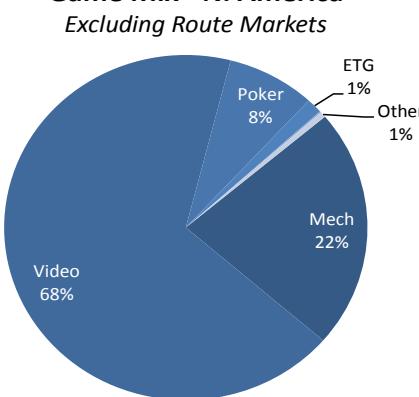
Below we highlight the product mix for both North America participants and International participants. Mechanical reel products in N. America represented 22.5 of the floor, which was down slightly from our last couple of surveys. Video reel products increased slightly to 67.6% from last qtr. Video Poker was steady at 7.9% of casino floors while e-table game terminals (ETGs) remained steady at 1.4% and other products (keno, video bingo, & skill) represented 0.5% of the market. Excluding Route Op markets, mech reel was 24.6%, video reel was 64.6.0%, and poker was 8.6%. In International casinos, video slots dominate the product type at 91% while mechanical reels only represent 1.0% of the floor. As for other products, e-Tables represent 2% of the floor and video poker is only 0% of the floor while video bingo is 6% of the floor. Ex Route markets, video is 79%, mech is 2%, ETGs are 4%, and video bingo is 13%. In the below charts, we highlight the product mix for both N. America and International participants this quarter.

Below we show the quarterly trends in product mix across our survey participants.

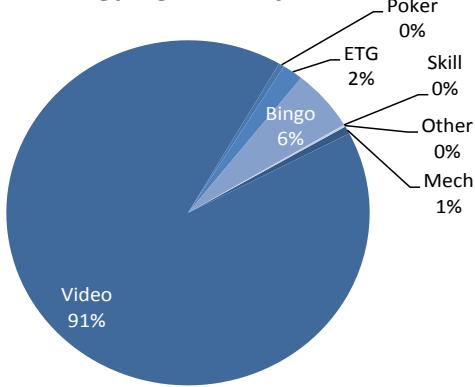
**Game Mix - N. America**



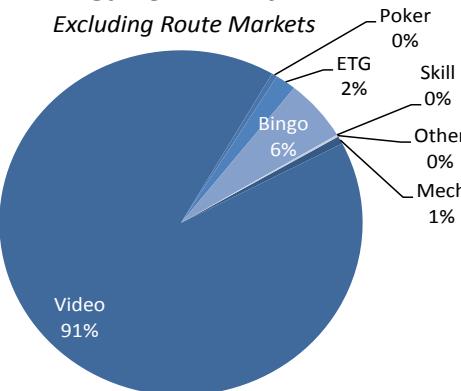
**Game Mix - N. America**



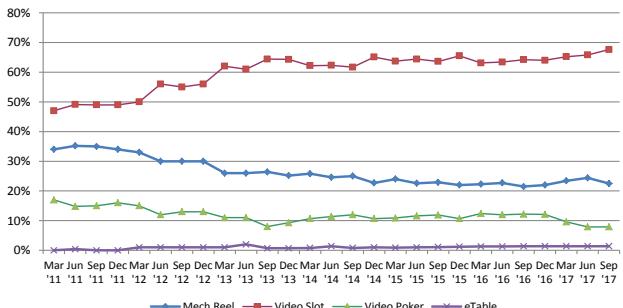
**Game Mix - Intl**



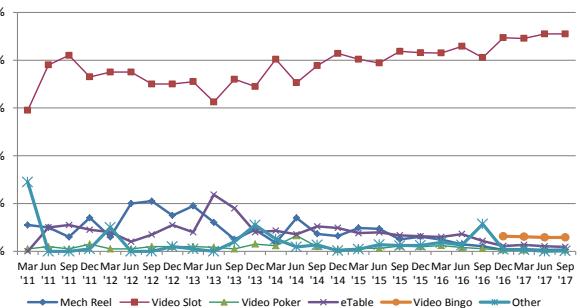
**Game Mix - Intl**



**Product Mix - N. America**



**Product Mix - International**

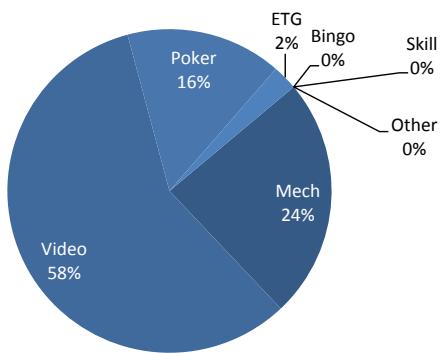


Source: EILERS-FANTINI Quarterly Slot Survey

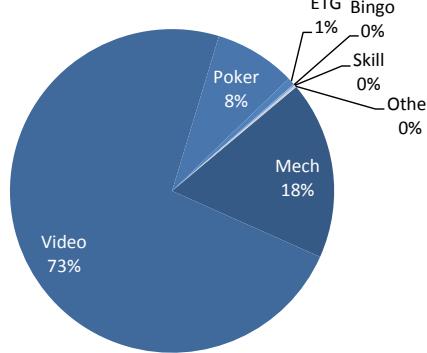
Source: EILERS-FANTINI Quarterly Slot Survey

## Regional Mix – N. America

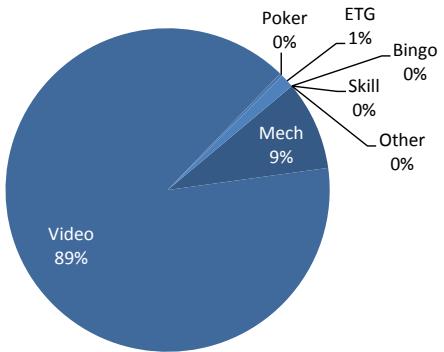
Game Mix - Arizona



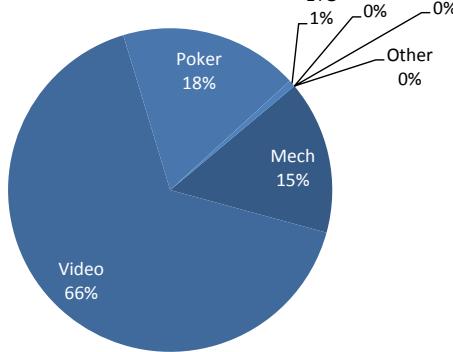
Game Mix - California



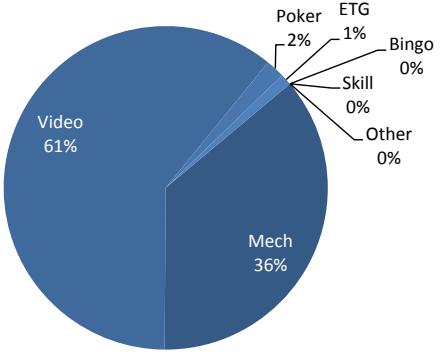
Game Mix - Canada Casinos



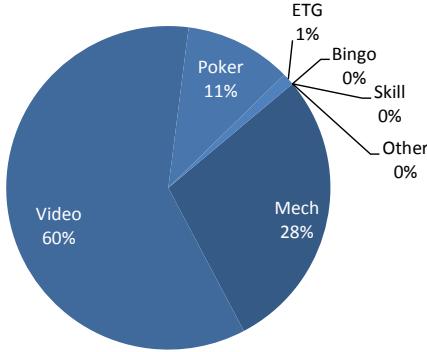
Game Mix - Colorado



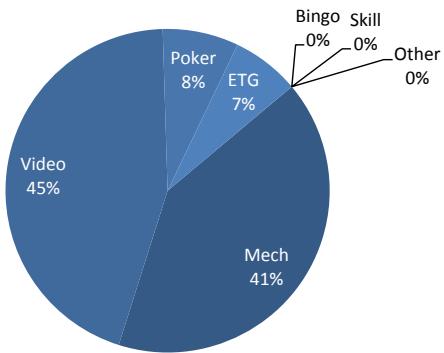
Game Mix - Delaware



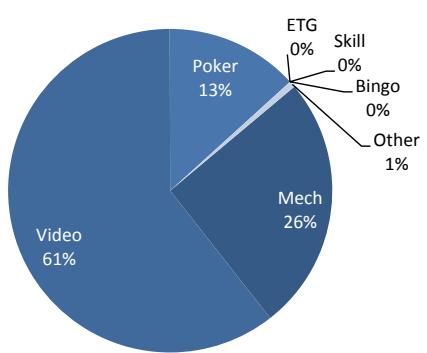
Game Mix - Iowa



Game Mix - Indiana



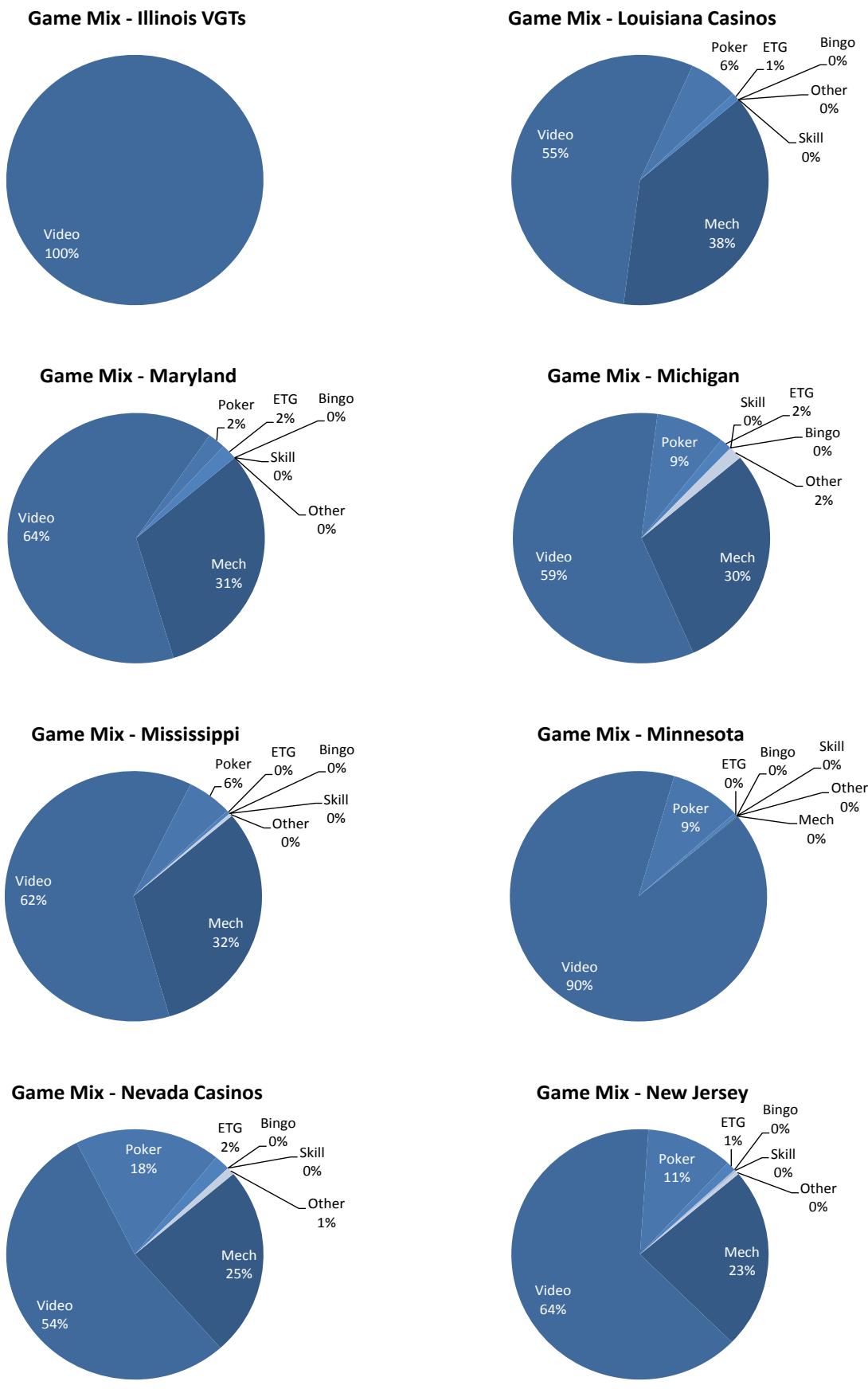
Game Mix - Illinois Casinos



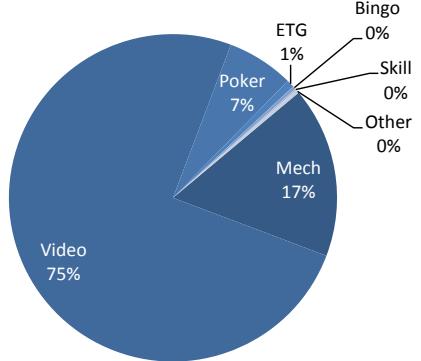
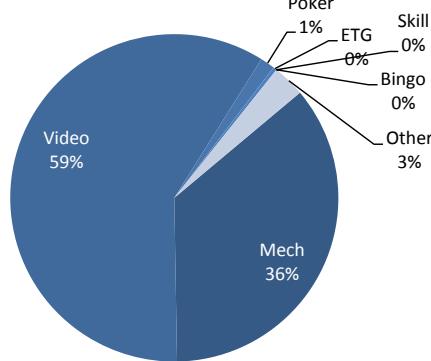
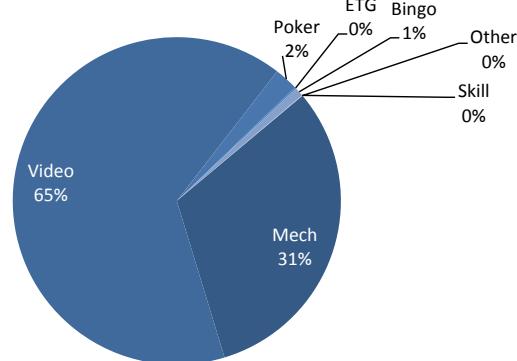
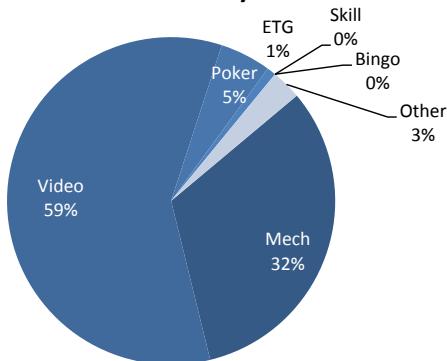
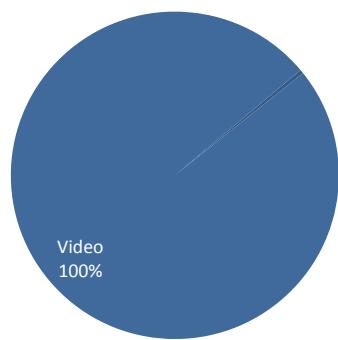
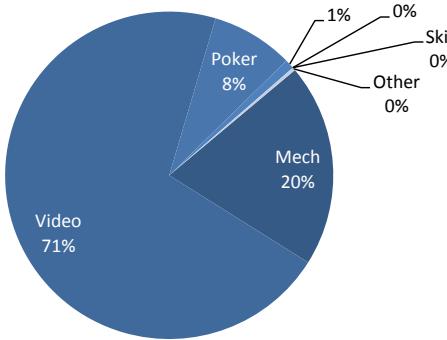
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## Regional Mix – N. America Continued



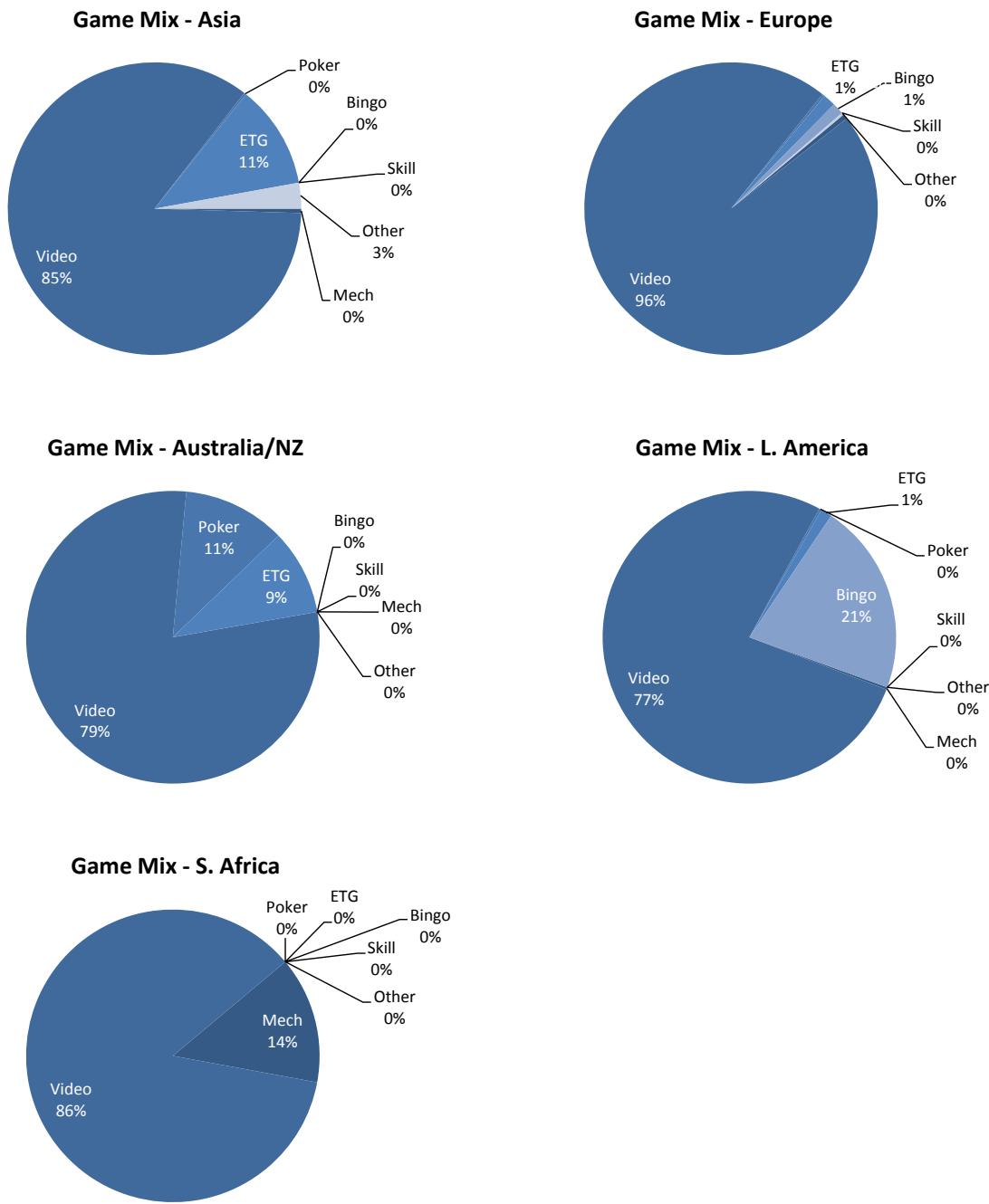
## Regional Mix – N. America Continued

**Game Mix - New Mexico****Game Mix - Ohio****Game Mix - Oklahoma****Game Mix - Pennsylvania****Game Mix - Washington****Game Mix - Wisconsin**

Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## Regional Mix – International



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## 5. Casino Owned vs. Leased

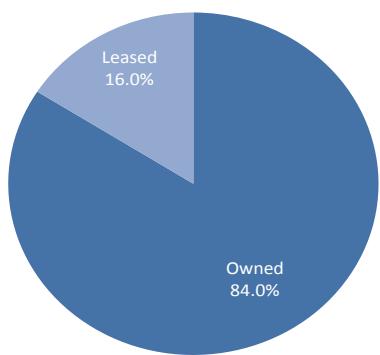
### Question 5 - 6 - What percentage of the games on your casino floor are owned vs. leased?

In aggregate, our North America participants owned 84.0% of the games on their casino floor and leased 16.0% of the games as of the end of 3Q CY17. We note the percentage of casino owned games as a percentage of the casino floor has ranged between 80%-90% for all casinos since we started tracking the market in the Dec '09 quarter.

Excluding Racino/VLT and Tribal Class II casinos with 100% leased games, the remaining N. America survey participants owned 91.6% of the games on their casino floor and leased 8.4% of the games. We note the mix of casino owned games excluding properties with 100% leased games has also remained relatively consistent ranging between 90%-95% since our first survey was conducted in Dec '09. International participants owned 39.7% of the games installed in their casinos while leasing 60.3% of games. Excl 100% leased markets, the mix was ~78.8% owned to 21.2% leased, which was similar to previous qtrs.

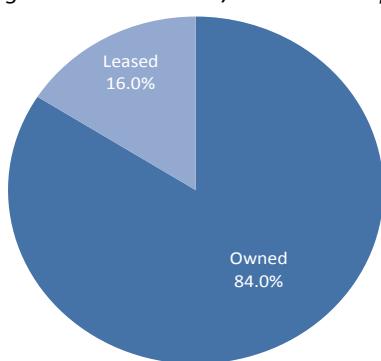
We highlight the mix between casino owned and leased games in the charts below and we also provide results excluding Racino and Tribal Class II properties with 100% leased games. We note leased games include premium daily fee, Wide-Area Progressive (WAP), Local Area Progressive (LAP), and VLT/Class II leases.

**Product Ownership - N. America**



**Product Ownership - N. America**

*Excluding Route & Casinos w/ 100% leased product*

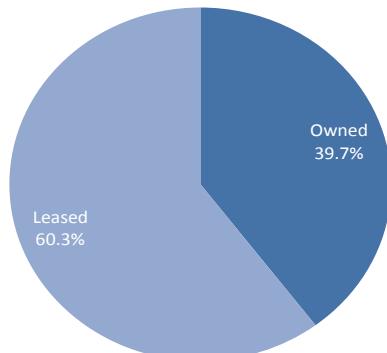


**Product Ownership - Intl**

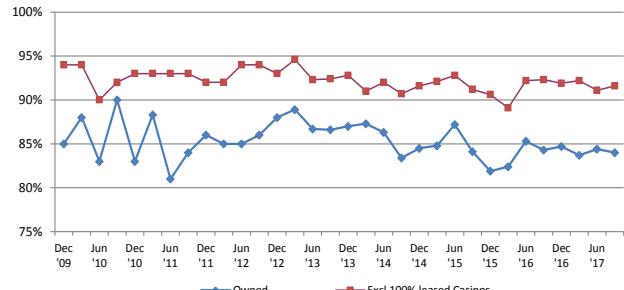


**Product Ownership - Intl**

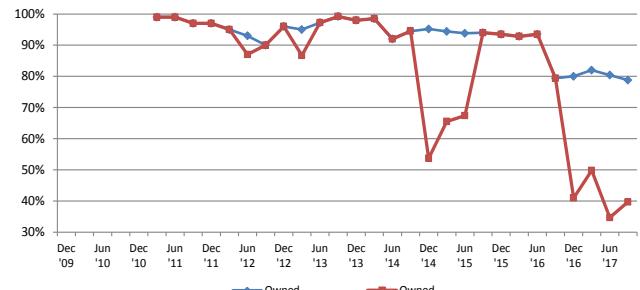
*Excluding Route & Casinos w/ 100% leased product*



**Casino Owned Product - N. America**



**Casino Owned Product - International**



Source: EILERS-FANTINI Quarterly Slot Survey

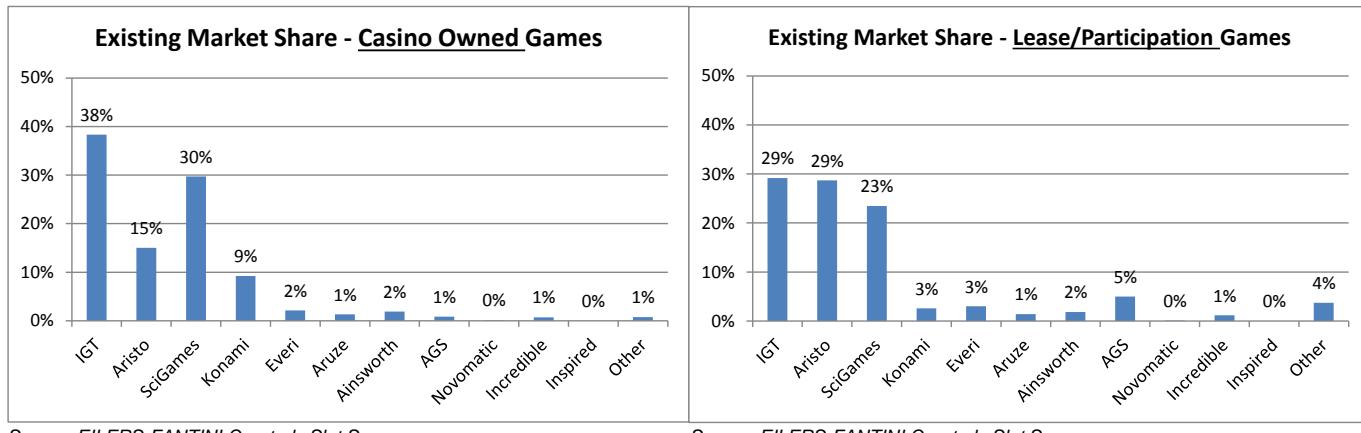
Source: EILERS-FANTINI Quarterly Slot Survey

## 6. Supplier Existing Market Share

**Question 5 - 6 – Please indicate the number of CASINO-OWNED games, as well as LEASE / PARTICIPATION games installed by supplier as of Sep 30, 2017?**

Note: Casino owned games were previously sold by a supplier and are now owned by the casino. Leased games include participation games, WAP, LAP, Daily Fee, and VLT/Class II leased games. IGT historical and current figures include Spilo games. SciGames historical and current figures include Bally, WMS, and SHFL. Aristocrat historical and current figures include VGT. Finally, starting with our 1Q16 survey we excluded Action Gaming video poker units from the IGT lease install base.

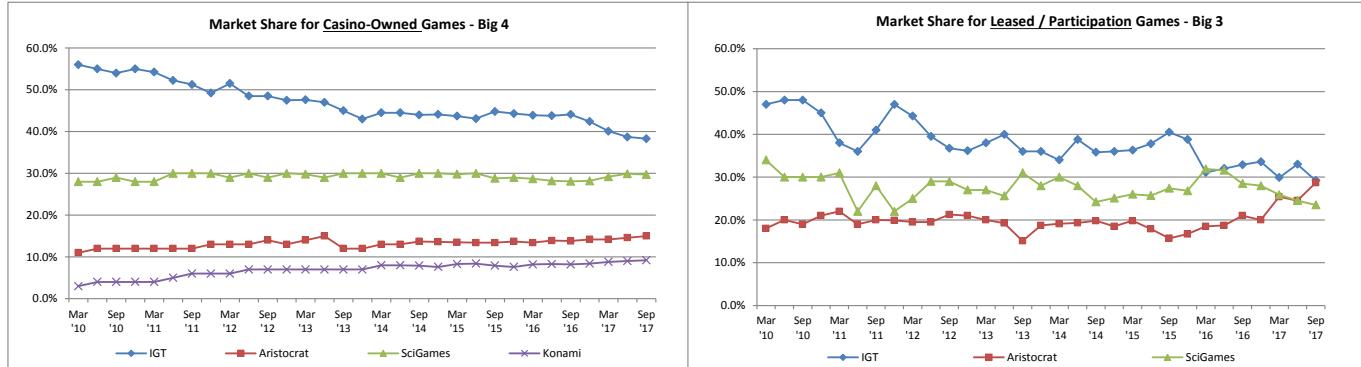
### Total North America participants



Source: EILERS-FANTINI Quarterly Slot Survey

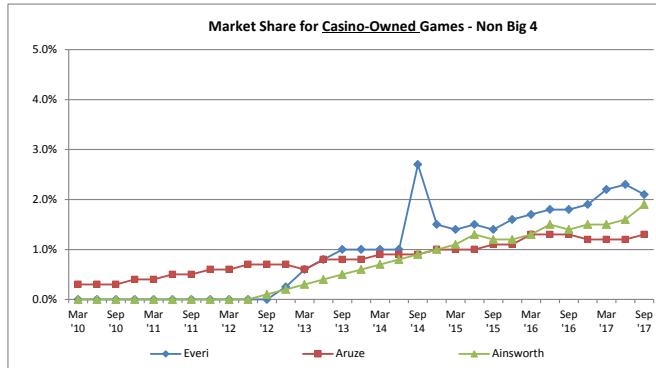
Source: EILERS-FANTINI Quarterly Slot Survey

### Total North America participants – Quarterly Survey Trends



Source: EILERS-FANTINI Quarterly Slot Survey

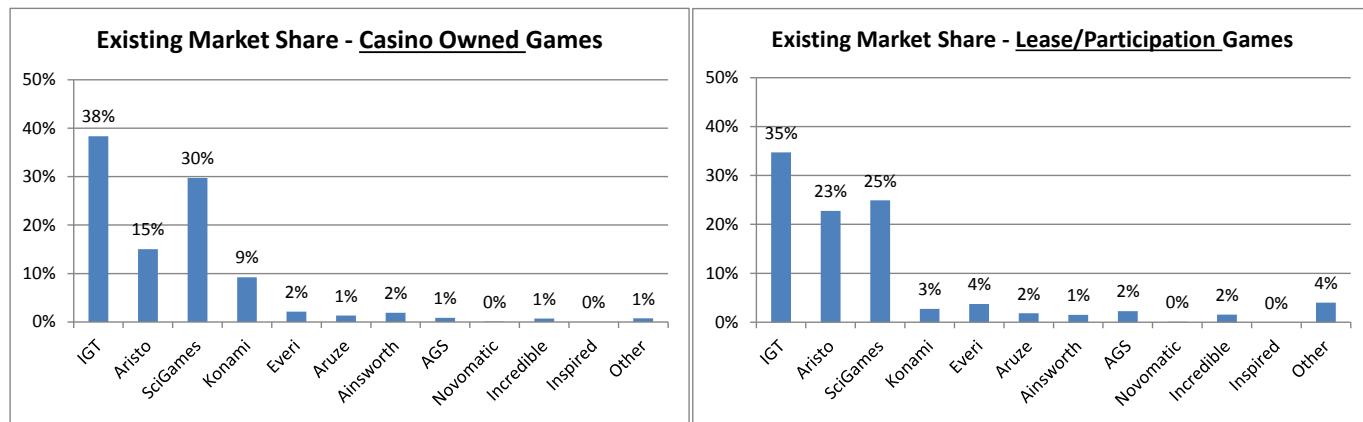
Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

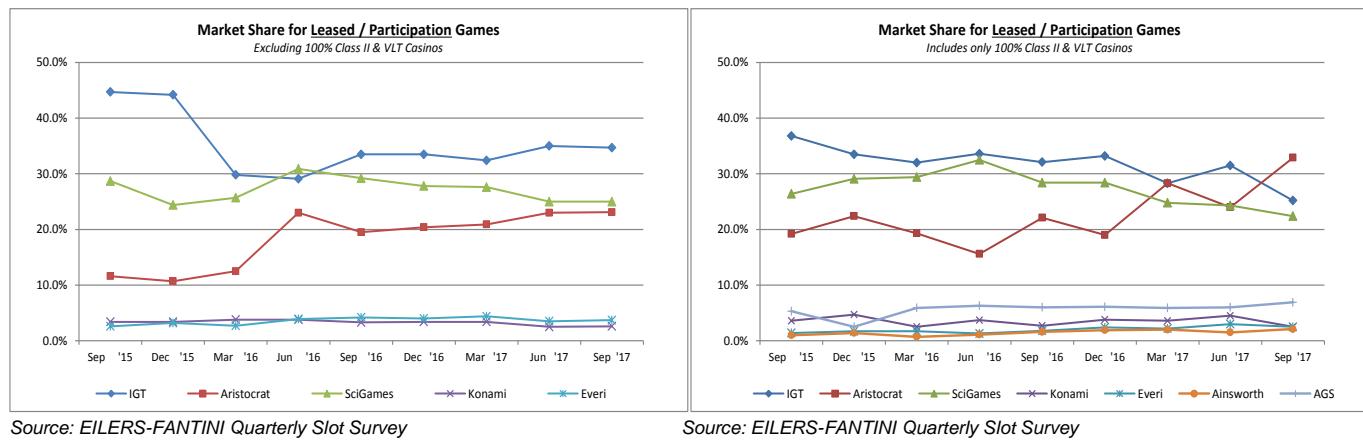
## Total North America participants - Excluding 100% Leased Class II &amp; VLT Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

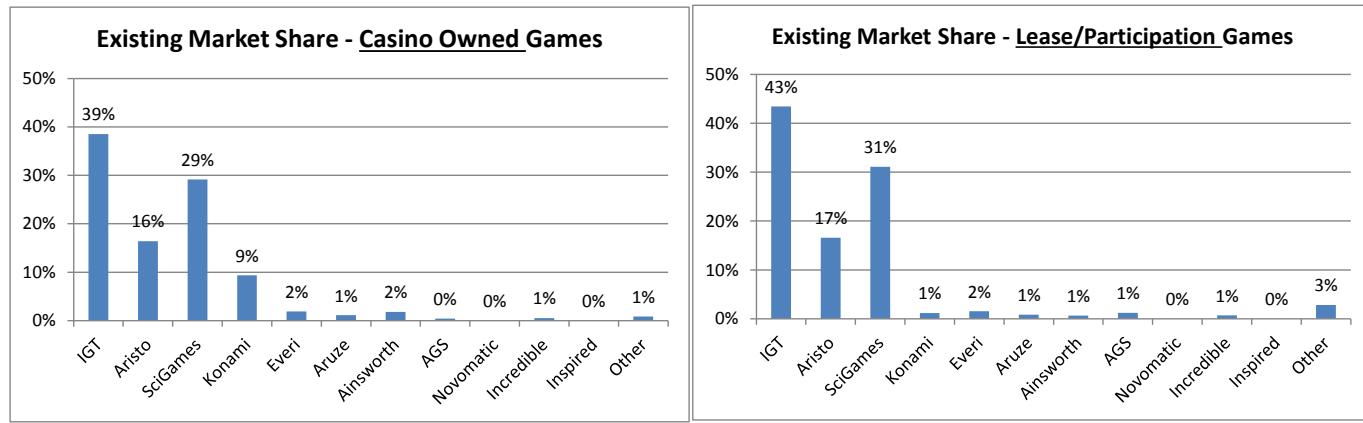
Source: EILERS-FANTINI Quarterly Slot Survey

## Total North America participants – Quarterly Survey Trends including &amp; excluding 100% leased casinos



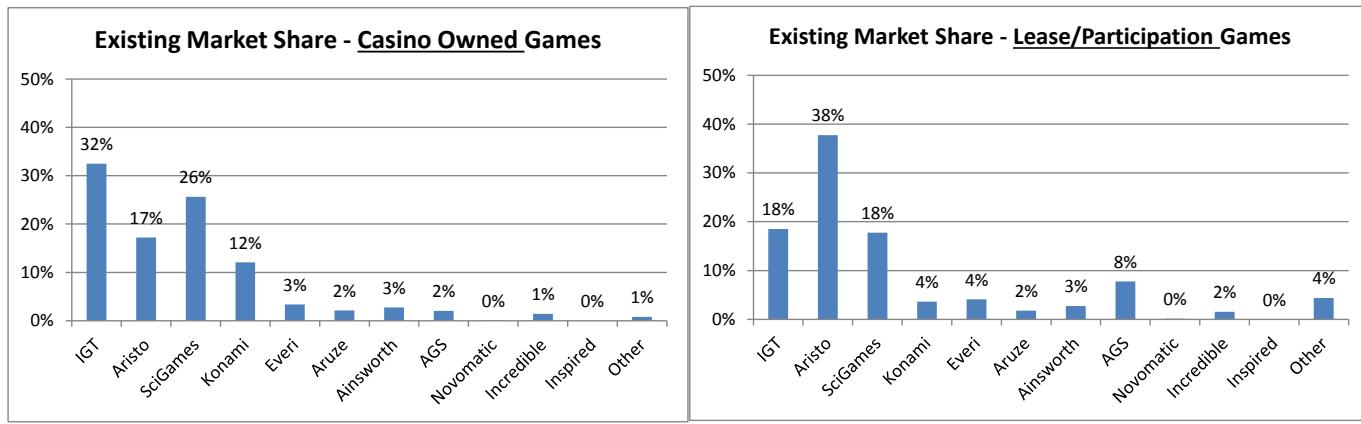
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

N. America Commercial Casino participants only

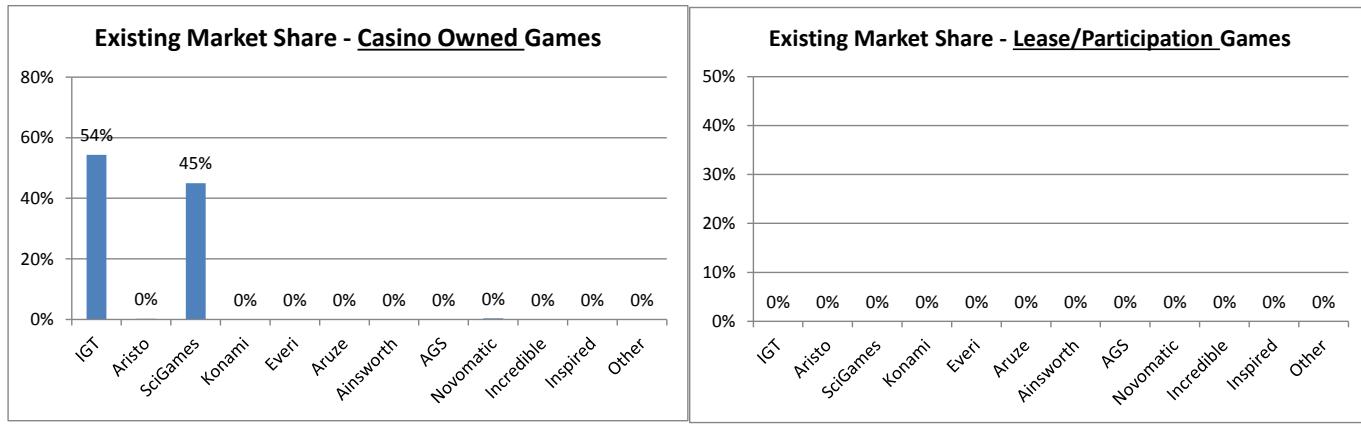
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

**N. America Tribal participants only**

Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

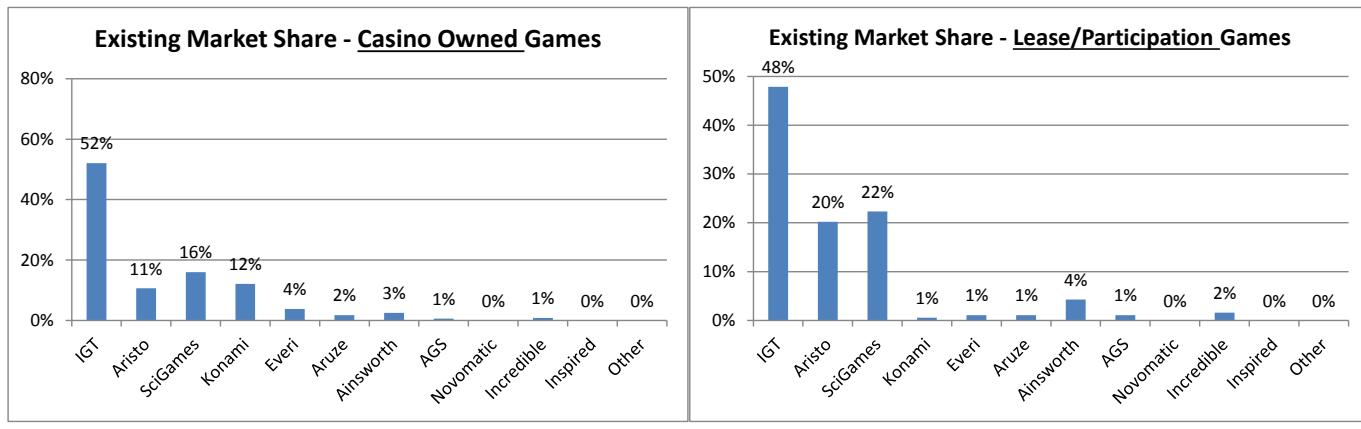
**N. America VLT / Route Ops participants only (i.e. Includes Canada & Oregon VLTs & IL VGTs)**

Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

**Regional Mix – N. America**

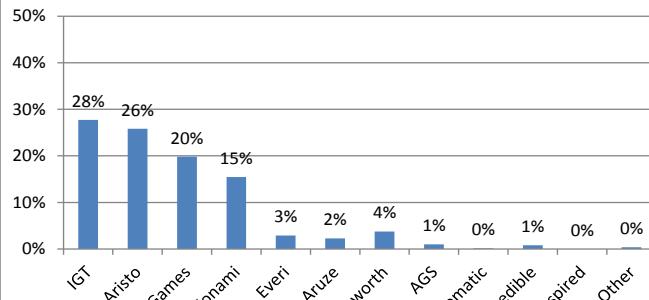
Special Note: We are now providing individual state (vs. regional) summary survey data as long as we have at least two individual survey participants and/or at least three casinos represented within that jurisdiction. If your jurisdiction is not broken out separately and you would like to see your state/province broken out, please help us identify additional casinos within your market that might be interested in participating and receiving the summary data.

**Arizona – 3 Casinos**

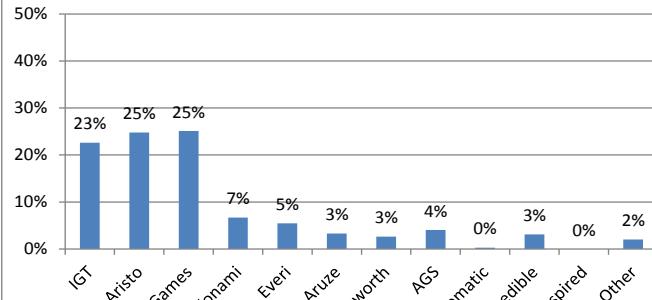
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## California – 20 Casinos (12 Southern Cal, 8 Northern Cal)

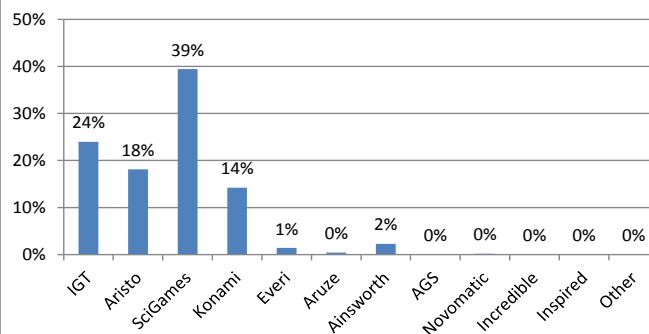
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

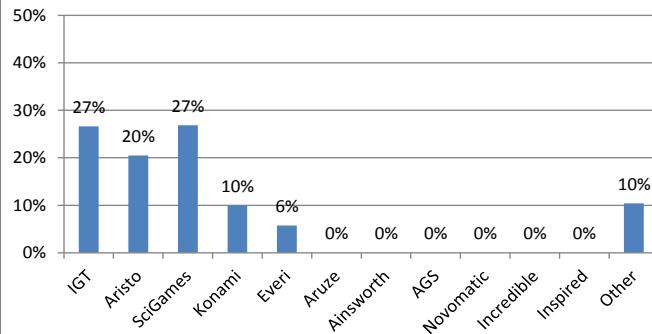
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## Canadian (Slots Only) – 36 Casinos

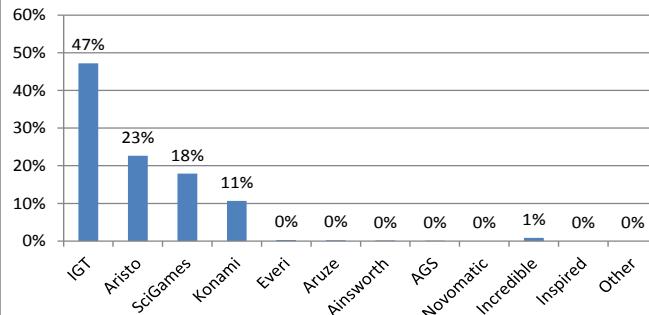
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

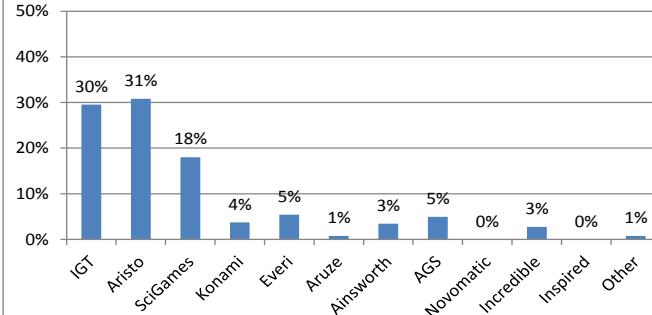
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## Colorado – 9 Casinos

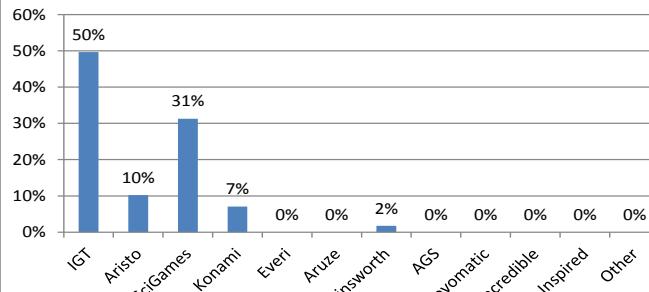
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

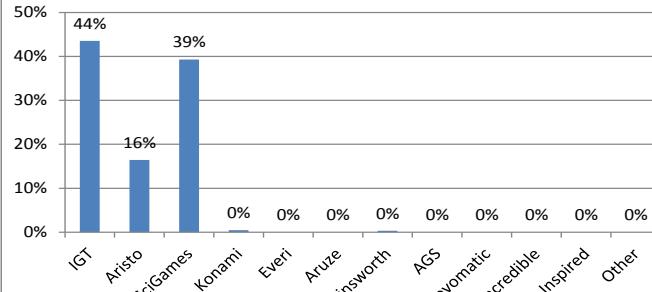
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

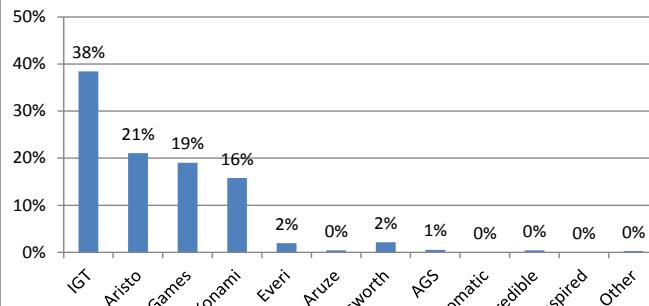
## Delaware – 3 Casinos

Existing Market Share - Casino Owned Games

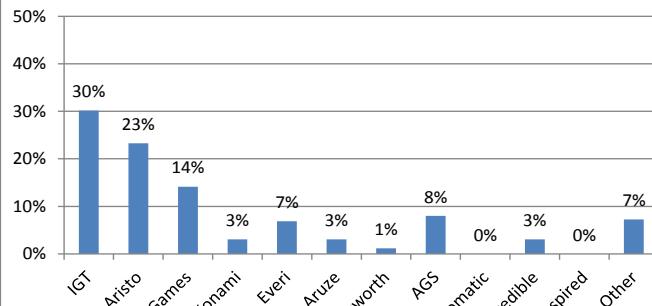
Source: EILERS-FANTINI Quarterly Slot Survey

Existing Market Share - Lease/Participation Games

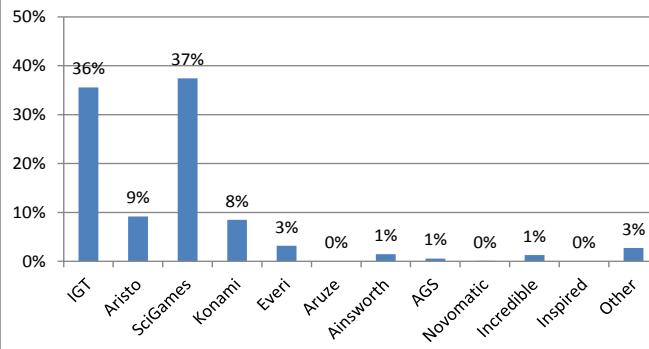
Source: EILERS-FANTINI Quarterly Slot Survey

**Iowa – 5 Casinos****Existing Market Share - Casino Owned Games**

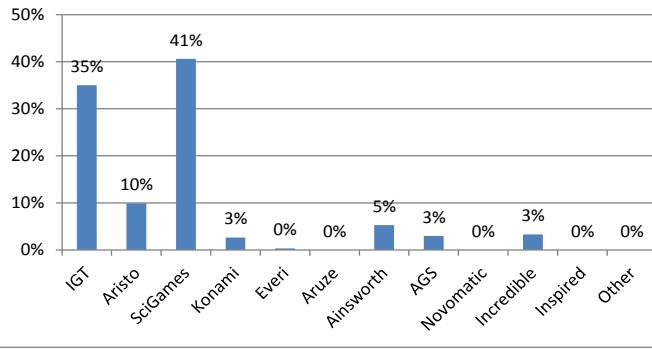
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

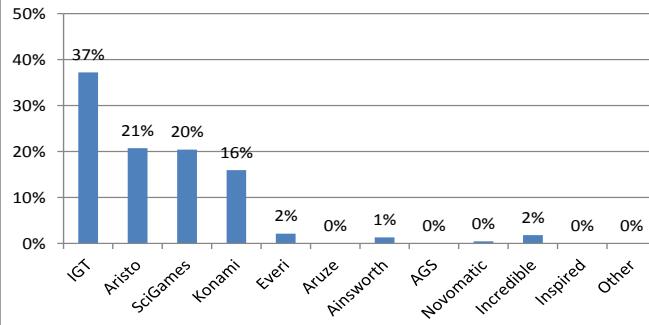
Source: EILERS-FANTINI Quarterly Slot Survey

**Indiana – 4 Casinos****Existing Market Share - Casino Owned Games**

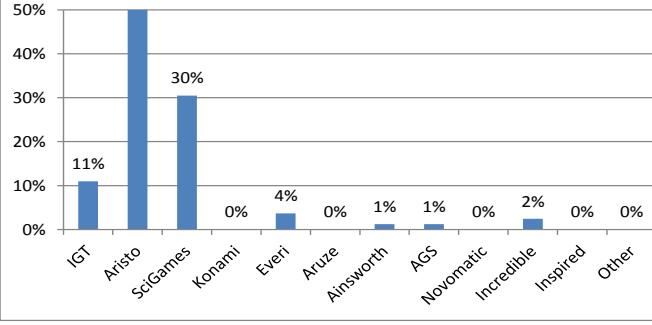
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

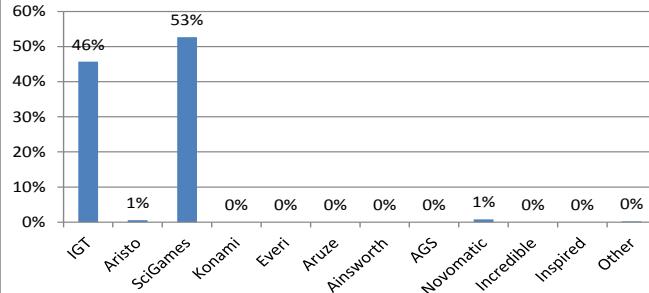
Source: EILERS-FANTINI Quarterly Slot Survey

**Illinois – 2 Casinos****Existing Market Share - Casino Owned Games**

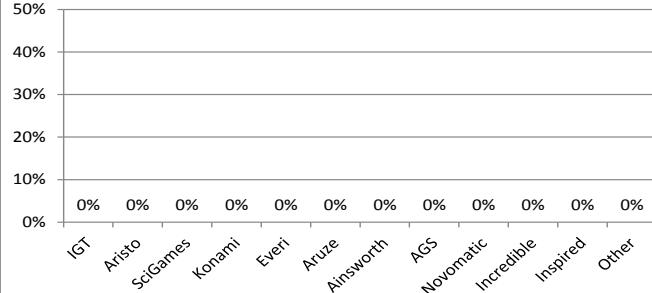
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

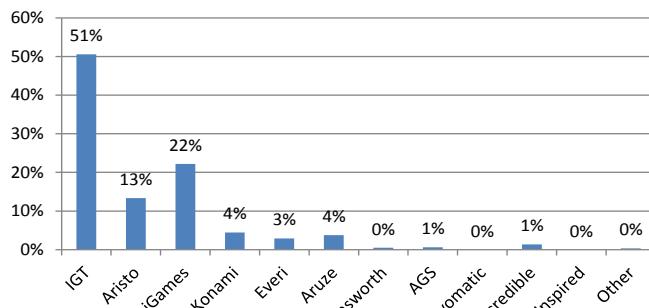
Source: EILERS-FANTINI Quarterly Slot Survey

**IL VGTs – 4 Route Operators****Existing Market Share - Casino Owned Games**

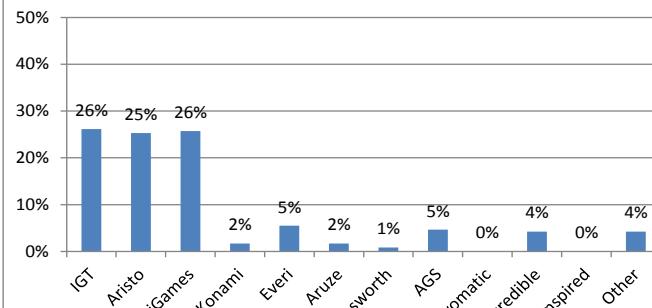
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

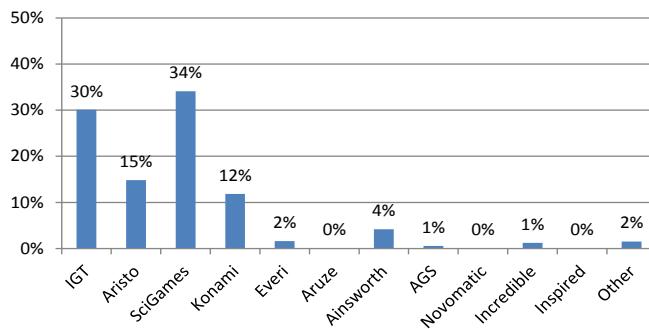
Source: EILERS-FANTINI Quarterly Slot Survey

**Louisiana - 2 casinos****Existing Market Share - Casino Owned Games**

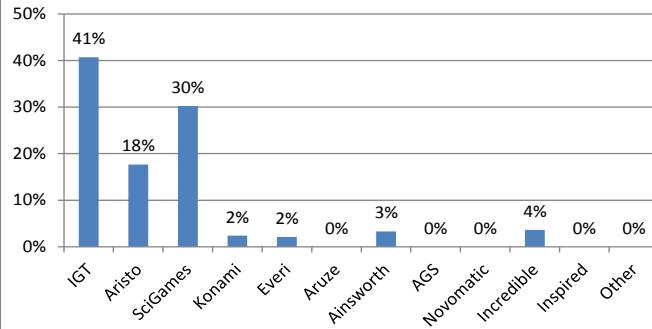
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

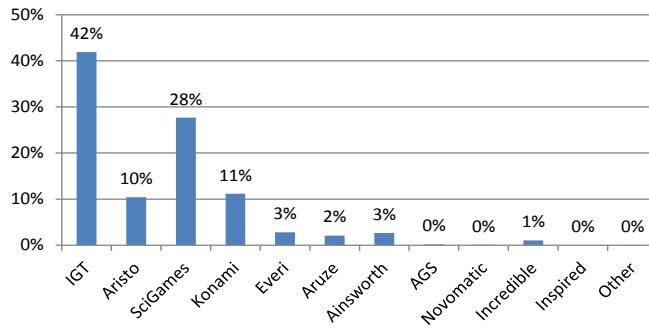
Source: EILERS-FANTINI Quarterly Slot Survey

**Maryland – 3 Casinos****Existing Market Share - Casino Owned Games**

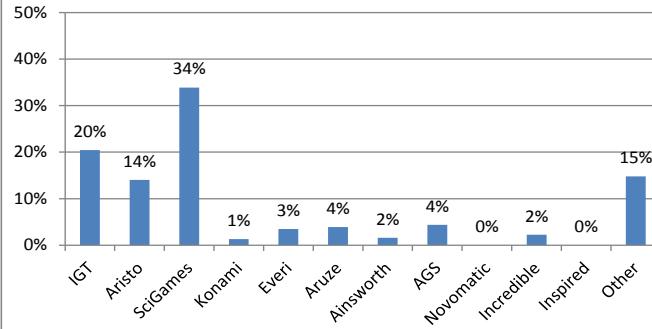
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

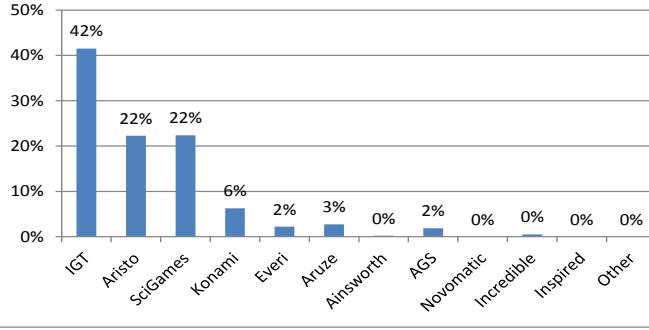
Source: EILERS-FANTINI Quarterly Slot Survey

**Michigan - 8 casinos****Existing Market Share - Casino Owned Games**

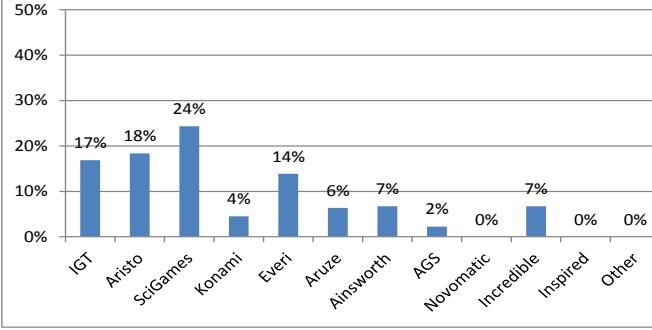
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

Source: EILERS-FANTINI Quarterly Slot Survey

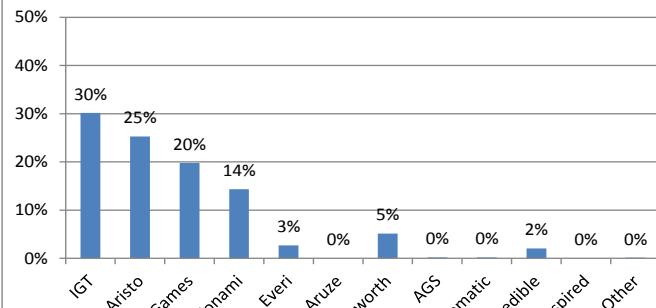
**Mississippi - 3 casinos****Existing Market Share - Casino Owned Games**

Source: EILERS-FANTINI Quarterly Slot Survey

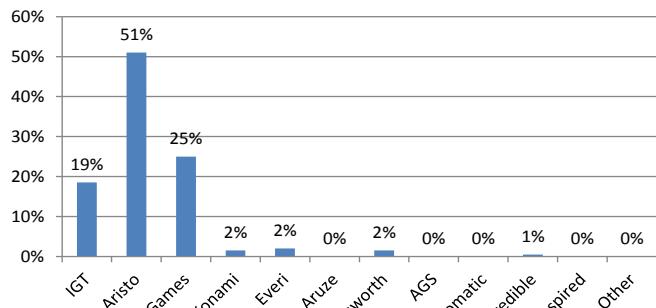
**Existing Market Share - Lease/Participation Games**

Source: EILERS-FANTINI Quarterly Slot Survey

## Minnesota – 3 Casinos

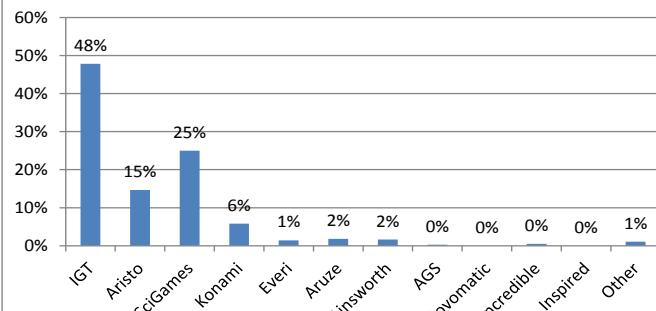
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

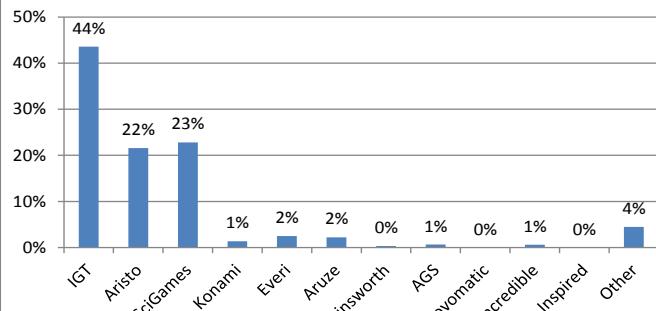
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## Nevada - 39 casinos

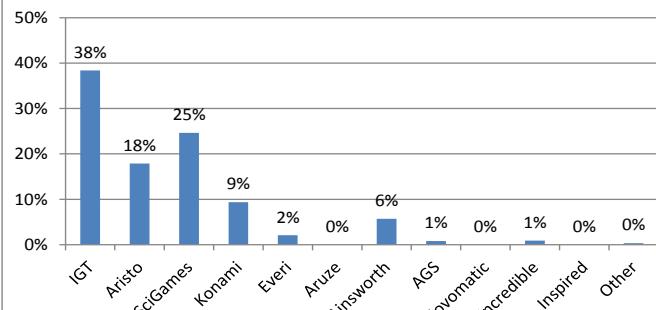
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

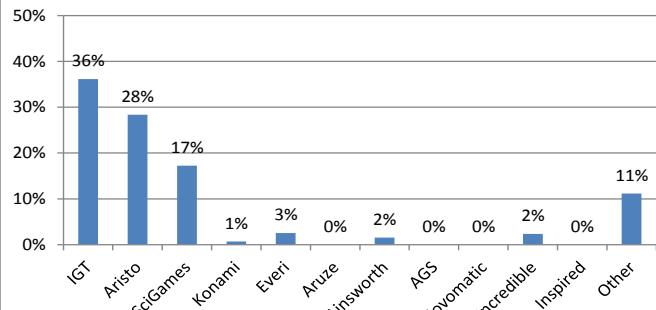
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## New Jersey – 2

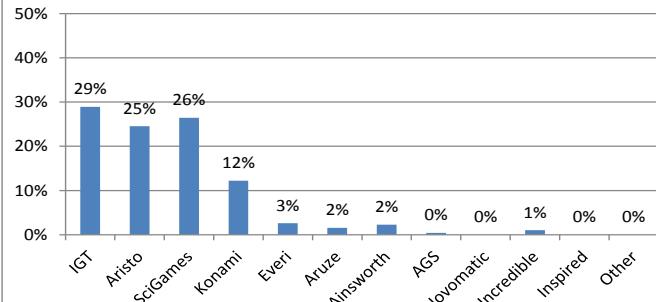
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

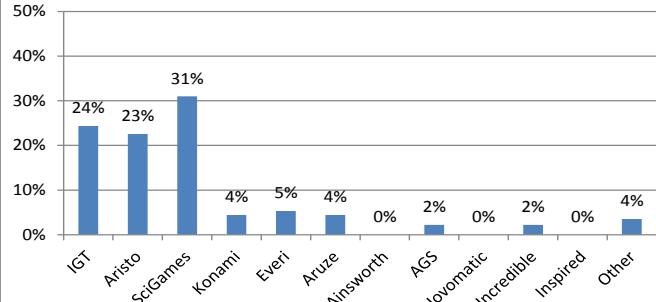
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

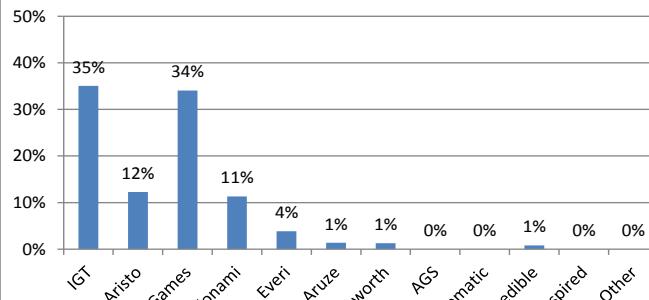
## New Mexico – 10 Casinos

Existing Market Share - Casino Owned Games

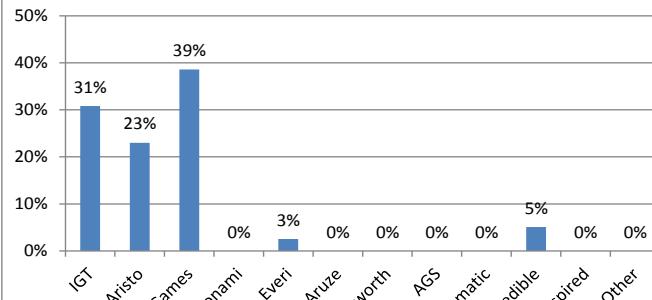
Source: EILERS-FANTINI Quarterly Slot Survey

Existing Market Share - Lease/Participation Games

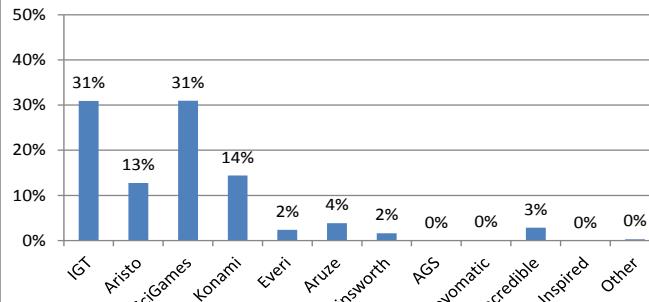
Source: EILERS-FANTINI Quarterly Slot Survey

**Ohio - 6 casinos****Existing Market Share - Casino Owned Games**

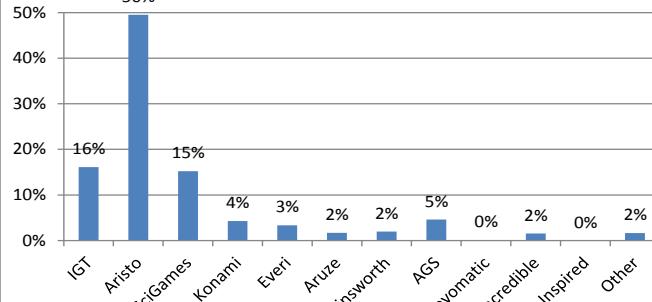
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

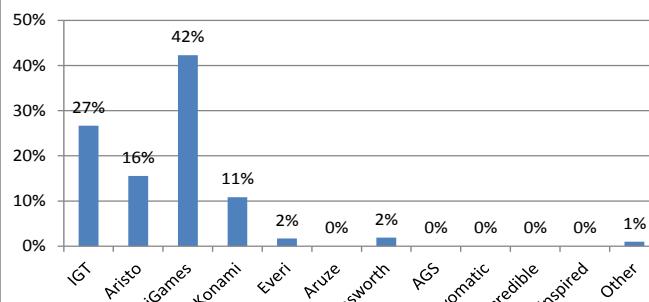
Source: EILERS-FANTINI Quarterly Slot Survey

**Oklahoma – 61 Casinos (Includes Operators & Distributors)****Existing Market Share - Casino Owned Games**

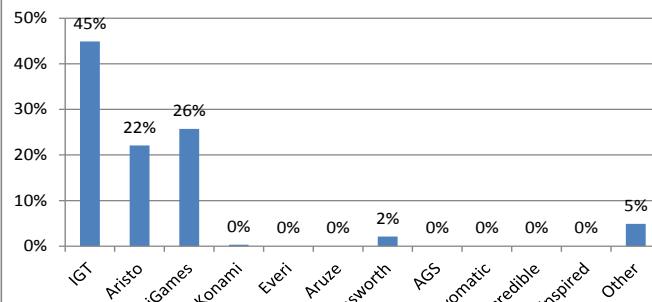
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

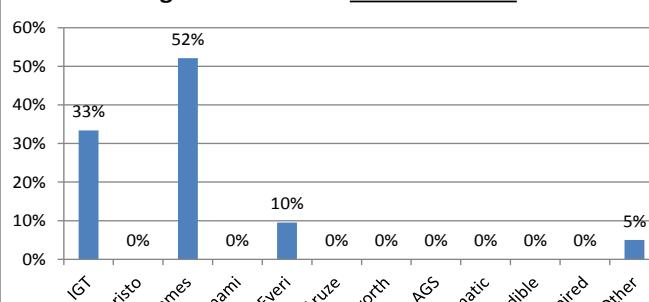
Source: EILERS-FANTINI Quarterly Slot Survey

**Pennsylvania - 3 casinos****Existing Market Share - Casino Owned Games**

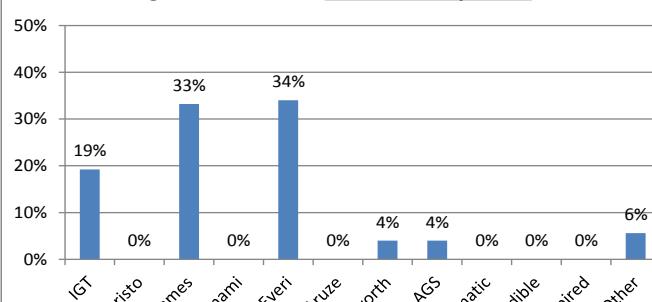
Source: EILERS-FANTINI Quarterly Slot Survey

**Existing Market Share - Lease/Participation Games**

Source: EILERS-FANTINI Quarterly Slot Survey

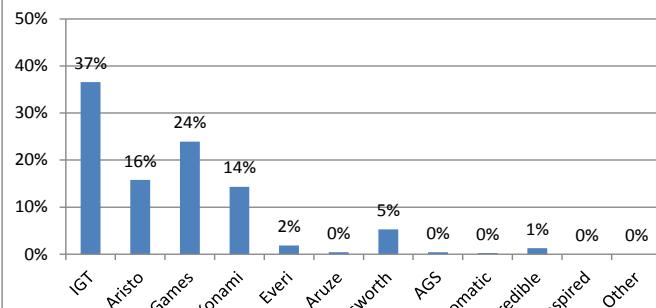
**Washington - 4 casinos****Existing Market Share - Casino Owned Games**

Source: EILERS-FANTINI Quarterly Slot Survey

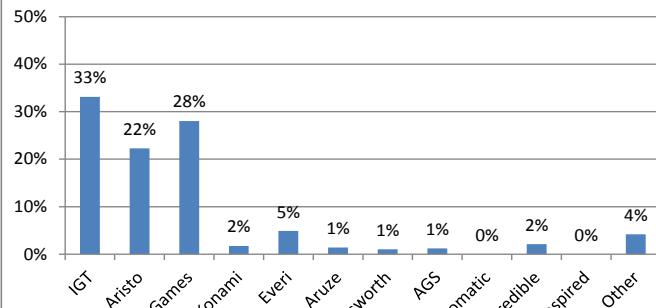
**Existing Market Share - Lease/Participation Games**

Source: EILERS-FANTINI Quarterly Slot Survey

## Wisconsin – 12 Casinos

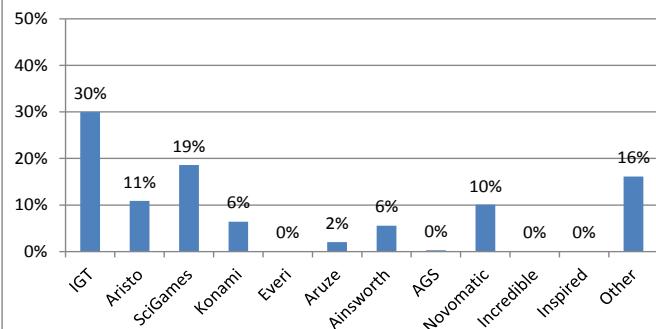
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

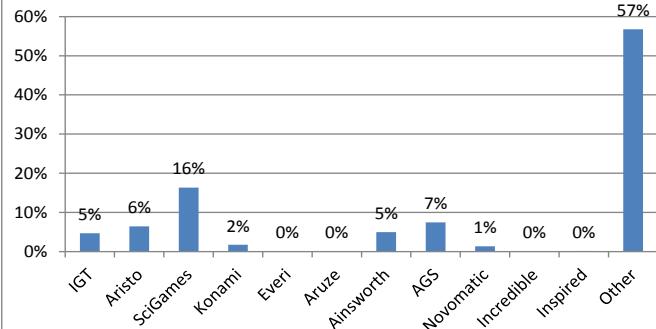
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## International Participants Casinos only - 281 Casinos

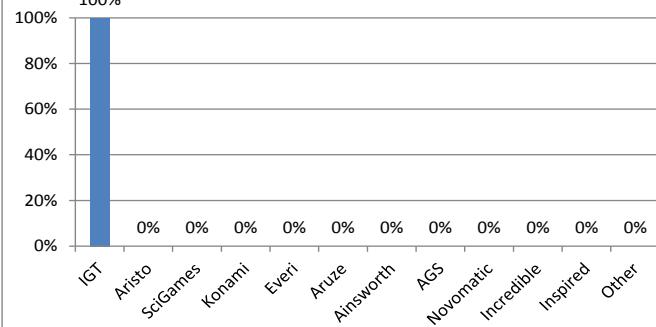
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

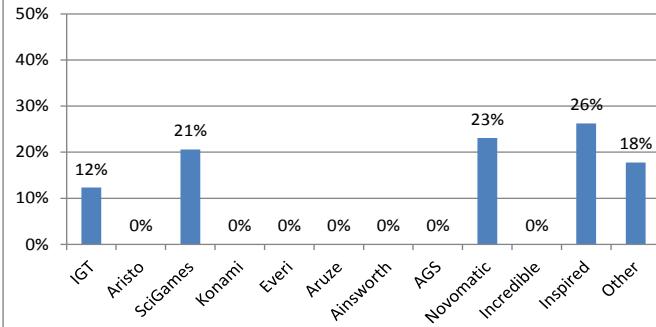
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## International Participants Route/VLT markets only - 17,200 Retail Locations

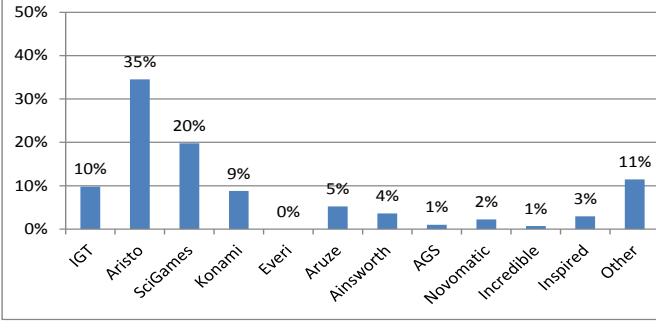
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

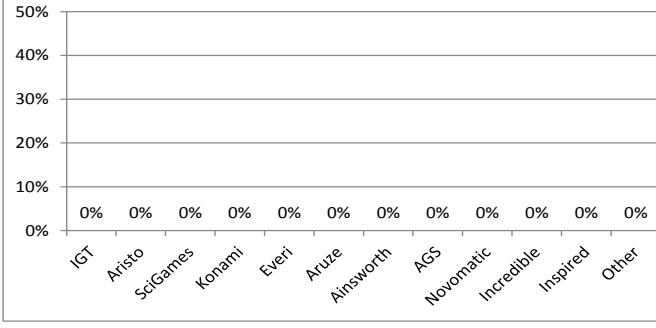
Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

## Asia Casino Participants only - 5 Casinos

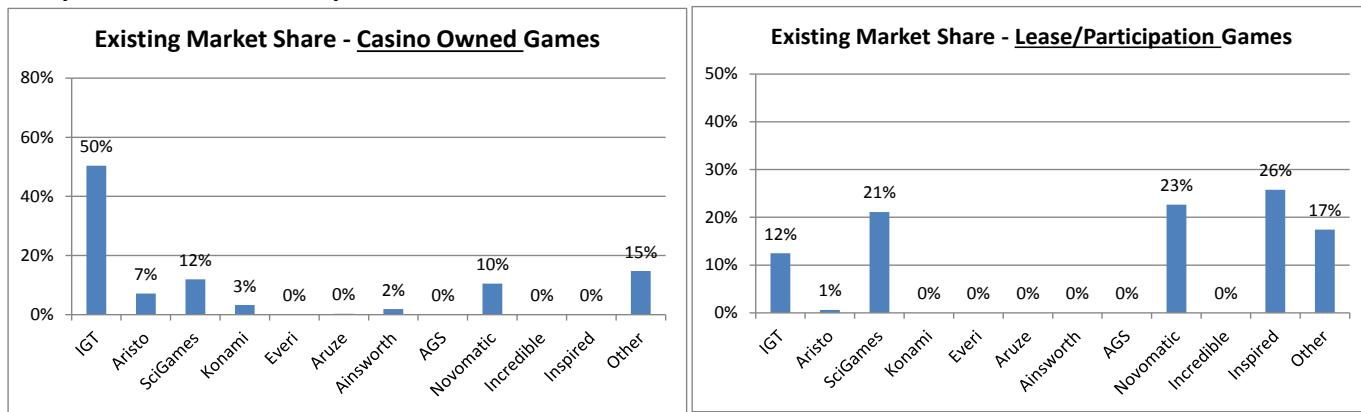
Existing Market Share - Casino Owned Games

Source: EILERS-FANTINI Quarterly Slot Survey

Existing Market Share - Lease/Participation Games

Source: EILERS-FANTINI Quarterly Slot Survey

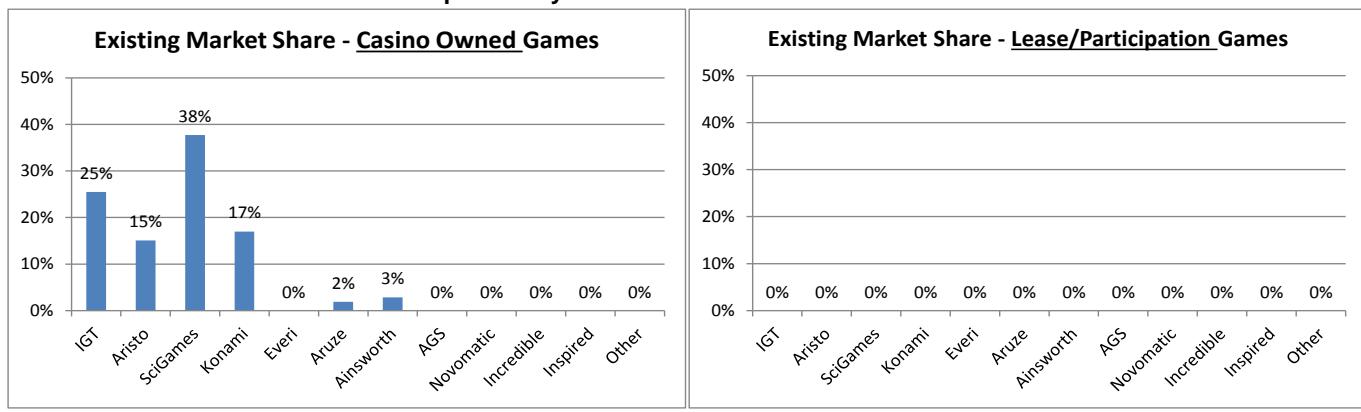
## Europe Casino &amp; VLT Participants – 100 Casinos &amp; 17,200 Retail Venues



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

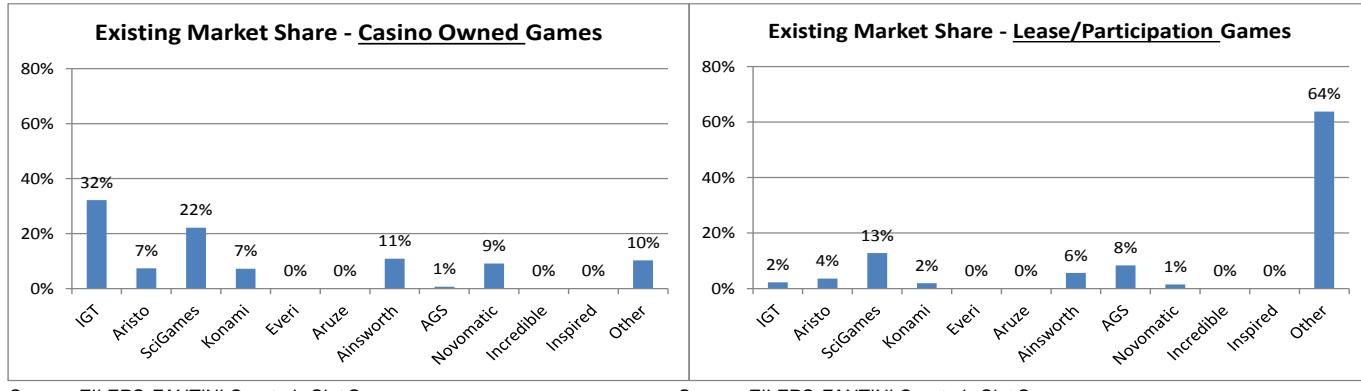
## Australia / New Zealand Casino Participants only – 1 Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

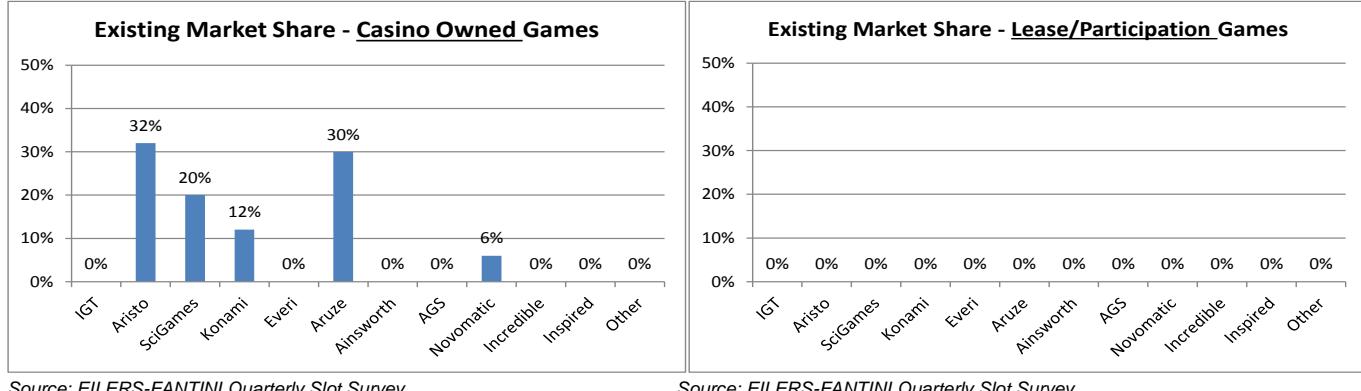
## Latin America Casino Participants only – 153 Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## South Africa Casino Participants only – 9 Casinos



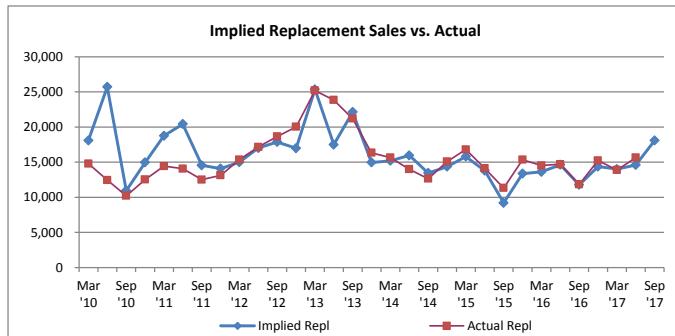
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

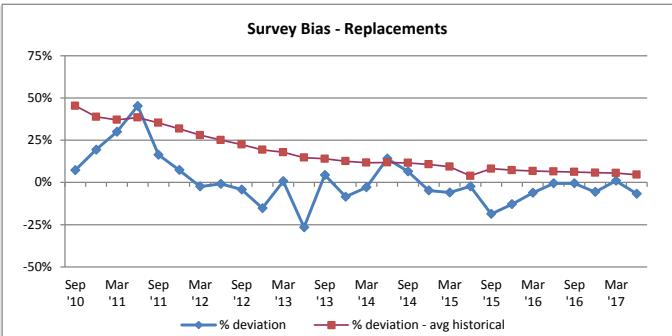
## 7. Total Game Sales for 3Q CY17

**Questions 7-9 - How many replacement slot machines and new & expansionary slot machines did you PURCHASE by supplier in 3Q CY17? How many conversion kits did your purchase by supplier in 3Q CY17?**

Our North America survey participants purchased and took delivery of 7,961 slot machines in 3Q CY17 including 1,035 new & expansionary units and 6,926 replacement units while also purchasing 5,029 conversion kits in the quarter. Our International participants purchased 1,309 games in the quarter including 497 new & expansionary units and 812 replacement games while also purchasing 597 conversion kits. Based on this quarter's survey results, we estimate total N. America replacement sales are likely to be between 16,000 and 18,000 games sold in 3Q CY17 which is well above our current industry forecast. Including new and expansionary demand, we estimate total slot demand for the quarter to be between 17,000 and 19,000 games sold.



Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

## 8. Ship Share by Supplier for 3Q CY17

**Questions 7-9 - How many replacement slot machines and new & expansionary slot machines did you PURCHASE by supplier in 3Q CY17? How many conversion kits did your purchase by supplier in 3Q CY17?**

SciGames posted the highest ship share across our 3Q17 survey participants capturing 28% share, which was -1% pt below the company's existing footprint of previously sold games with our survey participants but +2% pts above its trailing twelve month (TTM) ship share. On an adj basis excl Route Ops markets (Oregon & Canada VLTs & IL VGTs), the company's ship share across our survey participants was 27%, which was still +2% pts above its adj TTM average ship share. Overall it was another strong qtr for SciGames with improved replacement sales driven by the Twinstar J43 cabinet and recently introduced Twinstar 3RM according to our checks. SciGames also did very well on new opening shipments driven by healthy IL VGT shipments.

Aristocrat received 24% ship share across our survey participants, which was +9% pts above the company's existing footprint of previously sold games to our survey participants and +7% pts above its TTM avg ship share. Excluding Route Ops markets (Canada & Oregon VLTs, IL VGTs), Aristocrat's ship share was 25%, which was +6% pts above its adj. TTM avg. Once again Aristocrat did very well on replacement sales this qtr while new and expansionary sales continue hold back the overall numbers as the company does not participate in the IL VGT market.

IGT received the next highest share on game purchases in the qtr achieving 15% ship share across our survey participants on game sales, which was -23.0% pts below its existing footprint of previously sold games and -12% pts below its trailing twelve month (TTM) avg ship share. Excluding Route Ops markets (Oregon & Canada VLTs & IL VGTs), IGT's adjusted ship share across our survey participants was 14%, which was -10% pts below its TTM adj ship share. Overall, it was not a good qtr for IGT in terms of game sales.

Konami reported the next highest ship share at 9% on sold games across our survey participants this qtr, which was even with its existing footprint of previously sold games and -2% pts below its TTM average. On an adjusted basis (ex Canada & Oregon VLTs & IL VGTs), the company's ship share was 9%, which was -2% pts below its adj. TTM ship share. As with IGT, Konami lost ground in the qtr.

AGS came in just behind Konami and continues to make its mark capturing an impressive 7.5% ship share across our survey participants, which was +6.7% above its static casino floor share and +5.7% pts above its TTM ship share. On an adjusted basis (ex Canada/Oregon VLTs, IL VGTs), ship share was 7.9%, which was +5.9% pts higher than its TTM adj. ship share. Overall, it was another very strong showing for AGS as the company benefits from getting licenses in new Commercial and Tribal Class III jurisdictions.

Everi also had a strong qtr capturing 5.7% ship share on sold games across our survey participants, which was +3.5% pts above its existing footprint of previously sold games and +0.7% pts above its TTM avg ship share. On an adj. basis (ex Canada & Oregon VLTs & IL VGTs), the company's ship share was 5.9%, which was also +0.5% pts above the company's adj. TTM avg. ship share.

Ainsworth came in just behind Everi with 4.1% ship share on sold games across our survey participants this qtr, which was +2.2% pts above its static casino floor share and even with its TTM ship share. On an adjusted basis excluding Canada/Oregon VLTs and IL VGTs, ship share was 4.3%, which was also even with its adj. TTM average ship share. We note the Sept qtr is typically weak for Ainsworth, so we view this qtr's response favorably.

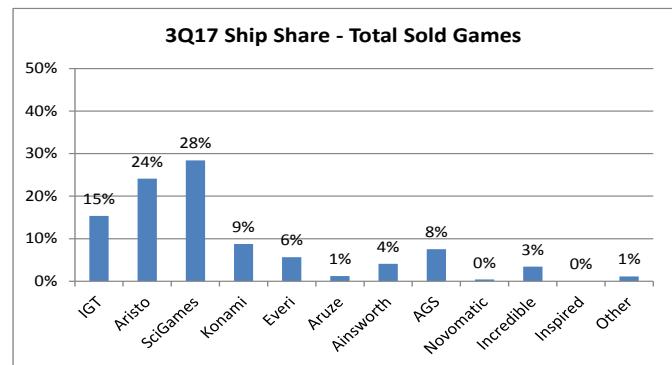
Incredible Technologies came in just behind Ainsworth as the company continues to post very strong numbers achieving 3.4% ship share in this qtr's survey, which was +2.7% pts above its existing footprint of casino owned games and +1.9% above its TTM avg. ship share. Excluding Route markets, ship share was 3.6% which was +2.0% pts above its adj. TTM ship share.

Finally, we note Aruze received 1.2% share this quarter and 1.3% on an adjusted basis, which was down -2.0% pts from its TTM average and -2.1% from its adj. TTM average ship share. We note Aruze recently had a management change and we've heard some positive comments regarding recent changes and would expect to see some improvement in the coming qtrs.

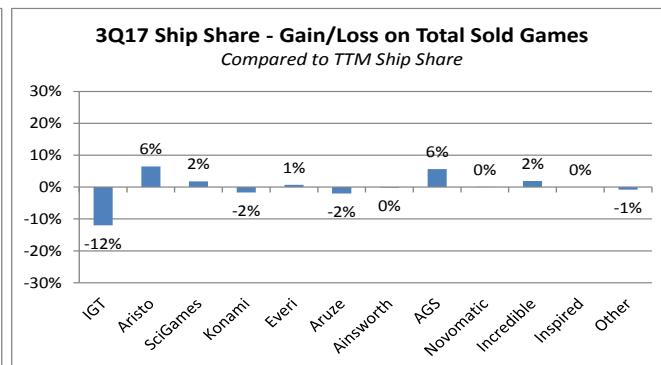
In aggregate, Non-Big 4 vendors achieved an impressive 23.4% ship share on total game sales and 24.4% on adjusted sales excluding Canada/Oregon/Illinois VLT/VGTs, which was up significantly from 15.3% and 17.1% last qtr, respectively.

Below we provide a summary of ship share by supplier for total sold games sold to N. America customers in our survey including both replacements and new and expansionary sales. We also provide the relative gain / loss compared with each company's TTM ship share on a percentage point basis.

#### Ship Share for 3Q CY17 on Total Game Sales



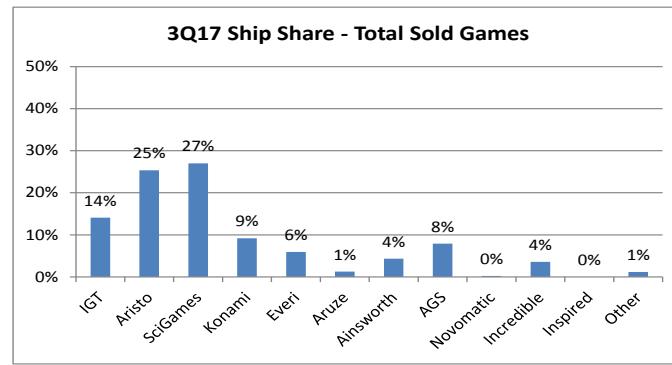
Source: EILERS-FANTINI Quarterly Slot Survey



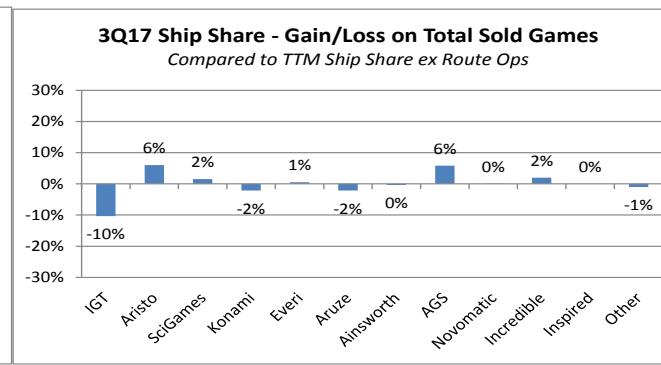
Source: EILERS-FANTINI Quarterly Slot Survey

As mentioned above, we believe it's also important to look at games sold and ship share excluding Canada and Oregon VLT replacements as well as IL VGT sales as we believe it's a good reflection of the core casino market. In the below charts we provided adjusted ship share metrics and gain / loss vs. each vendor's adjusted TTM average removing Route Ops participants which includes NV Route, Canada and Oregon VLT sales, and IL VGT sales.

#### Adjusted Ship Share for 3Q CY17 on Total Game Sales – Excluding Route Ops

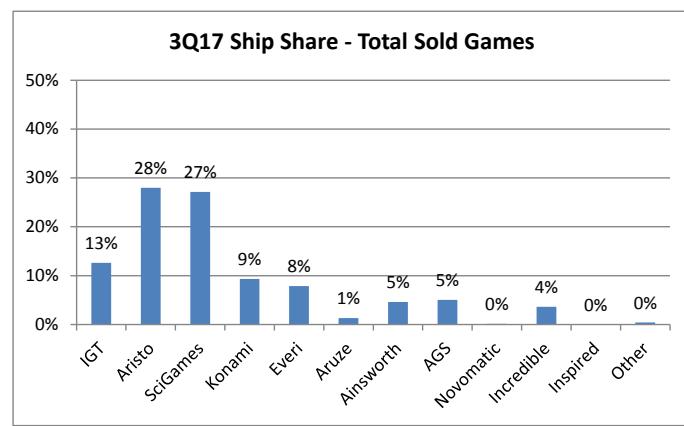


Source: EILERS-FANTINI Quarterly Slot Survey



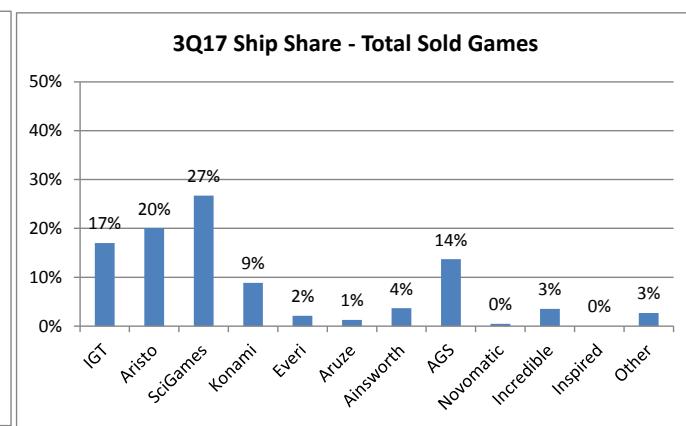
Source: EILERS-FANTINI Quarterly Slot Survey

## Commercial Casinos



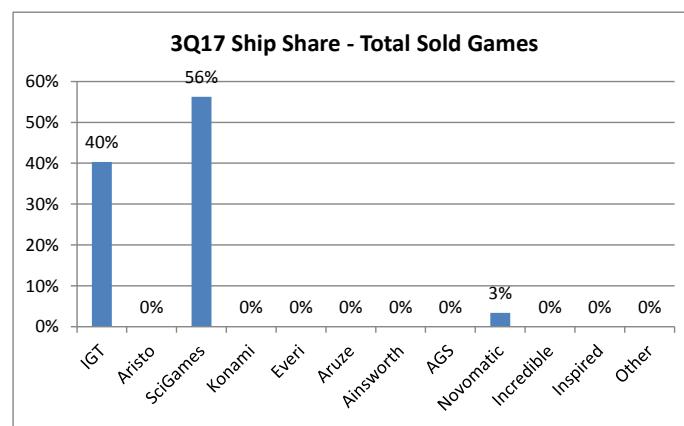
Source: EILERS-FANTINI Quarterly Slot Survey

## Tribal Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

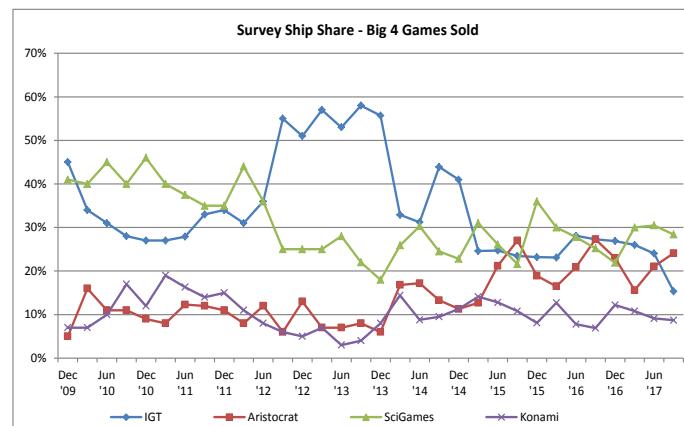
## VLT / Route Ops (Canada &amp; Oregon VLTs, IL VGTs)



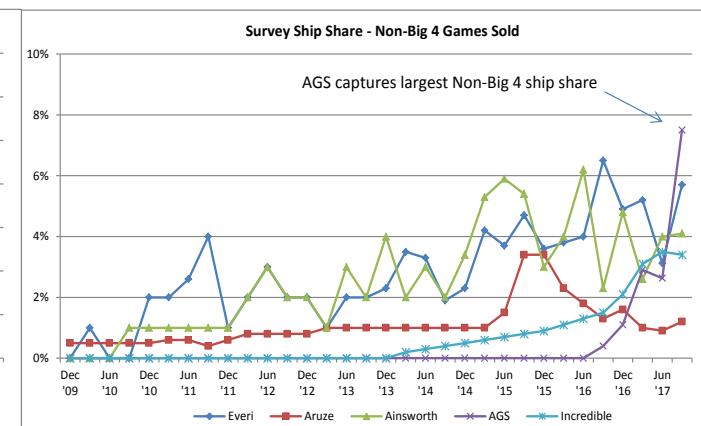
Source: EILERS-FANTINI Quarterly Slot Survey

## Historical Survey Trends – Total Sales

In the below charts we highlight historical ship share trends based on our quarterly survey. Note, IGT and SciGames previous qtrs have been updated to include historical ship share from GTECH and Bally/SHFL.

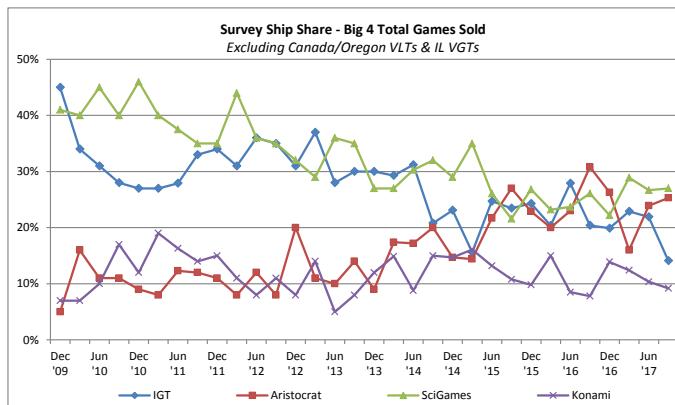


Source: EILERS-FANTINI Quarterly Slot Survey

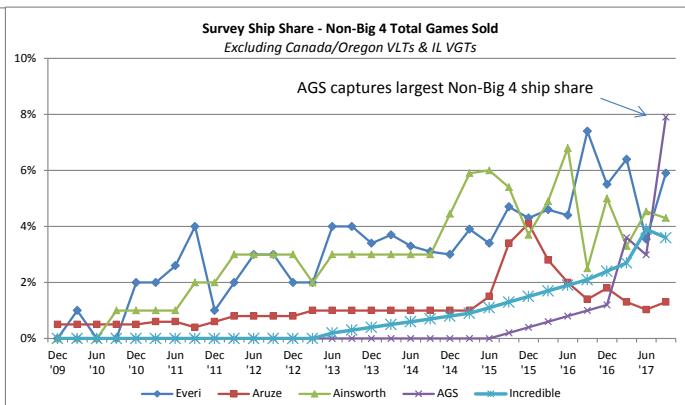


Source: EILERS-FANTINI Quarterly Slot Survey

## Historical Survey Trends – Total Sales Excluding Canada/Oregon VLTs &amp; IL VGTs



Source: EILERS-FANTINI Quarterly Slot Survey

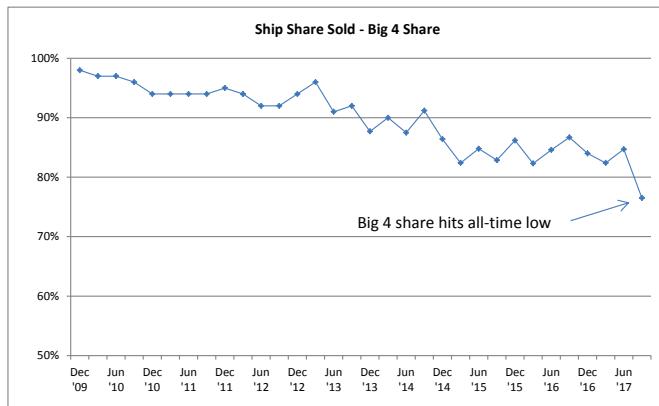


Source: EILERS-FANTINI Quarterly Slot Survey

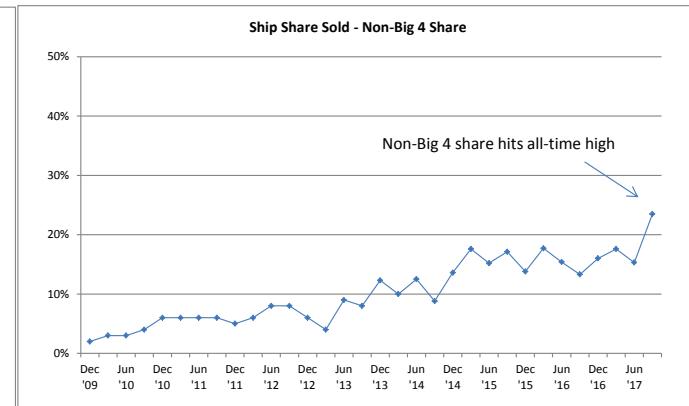
## Big 4 vs. Non-Big 4 Suppliers

One of the most consistent themes we hear from our casino operator contacts is that smaller (non-Big 4) suppliers are getting a large share of replacements. We note this trend has been reflective in our quarterly surveys with Ainsworth, Aruze, Everi Holdings, AGS, and Incredible Technologies collectively continuing to take share from the larger suppliers.

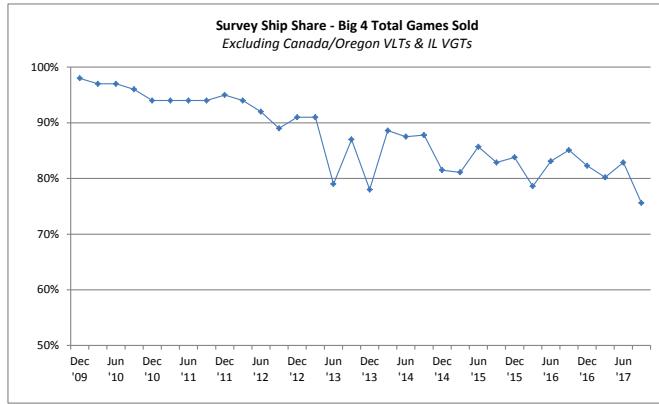
As for the current qtr, Non-Big 4 vendors captured a record share of game sales in 3Q17 receiving 23.5% ship share in aggregate vs. 18.0% last qtr. On an adjusted basis, Non-Big 4 ship share was a record 24.4% vs. 19.0% last qtr. AGS was by far the primary share gainer in this group during the qtr followed by Incredible and Everi. Below we highlight our quarterly survey ship share grouped into Big 4 share including and excluding Canada & Oregon VLTs & IL VGTs.



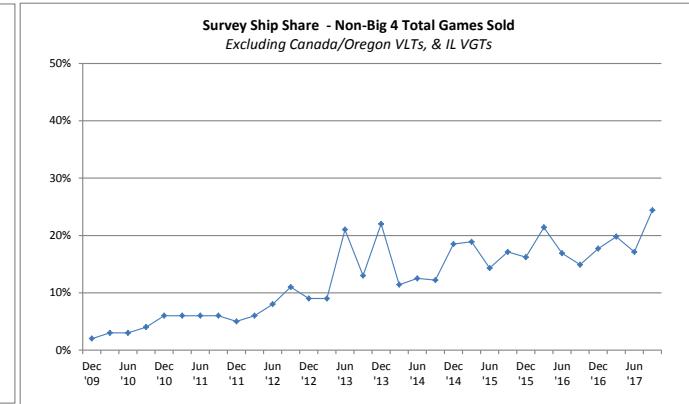
Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

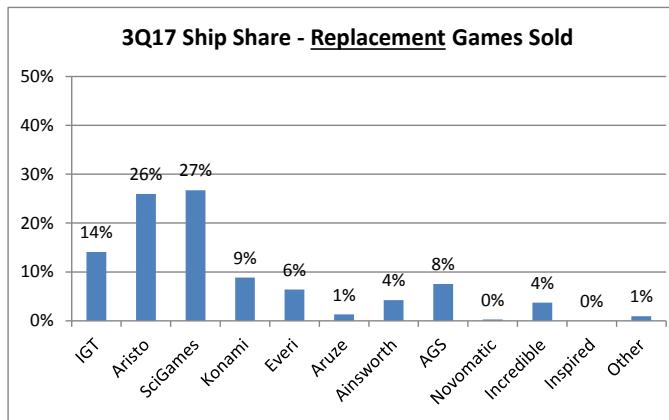


Source: EILERS-FANTINI Quarterly Slot Survey

## N. America Replacement Sales

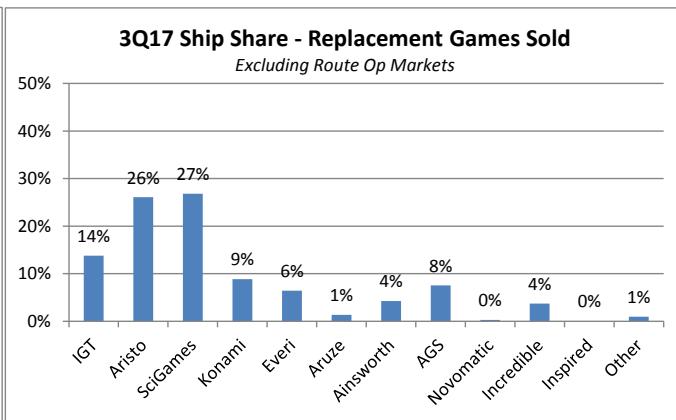
As mentioned previously, our North America survey participants purchased and took delivery of 6,926 replacement slot machines during the quarter, which was a record number for this survey. While increased participation has driven some of the gains, we detect a meaningful uptick in replacement purchases from existing participants during the qtr as well. Below we highlight the weighted average “Replacement Sales” ship share across our N. American survey participants.

### Total N. America



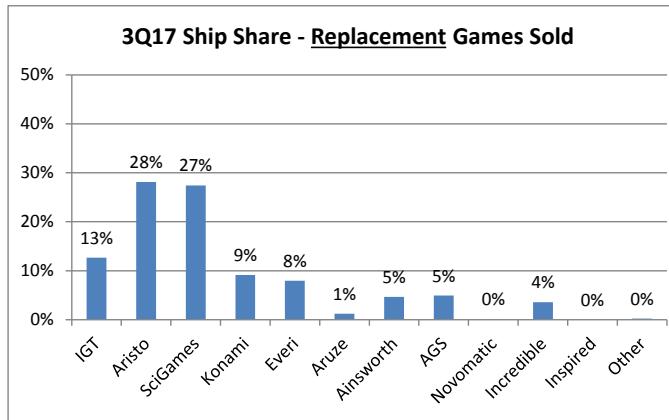
Source: EILERS-FANTINI Quarterly Slot Survey

### Adj. N. America (ex Route Ops)



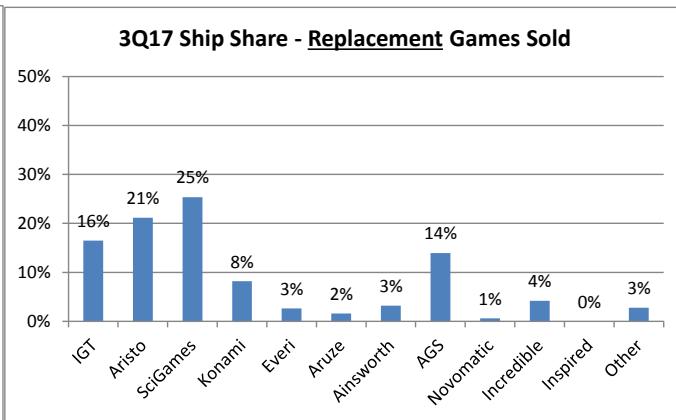
Source: EILERS-FANTINI Quarterly Slot Survey

### Commercial Casinos



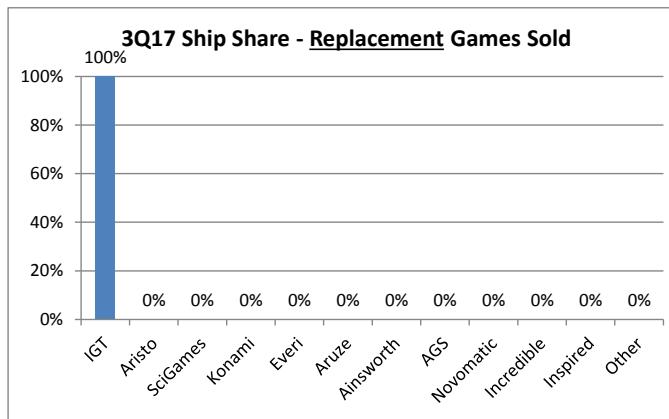
Source: EILERS-FANTINI Quarterly Slot Survey

### Tribal Casinos



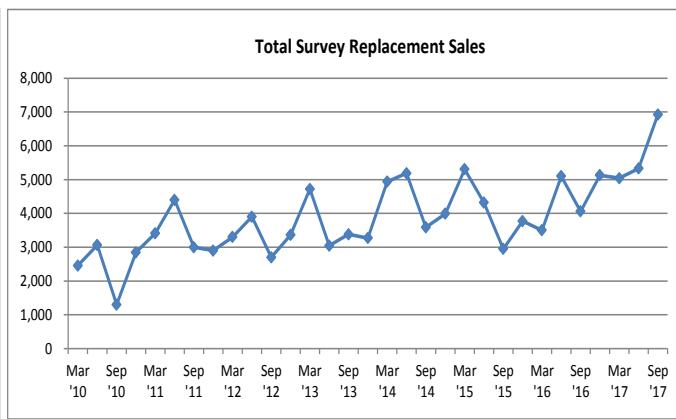
Source: EILERS-FANTINI Quarterly Slot Survey

### VLT / Route Ops



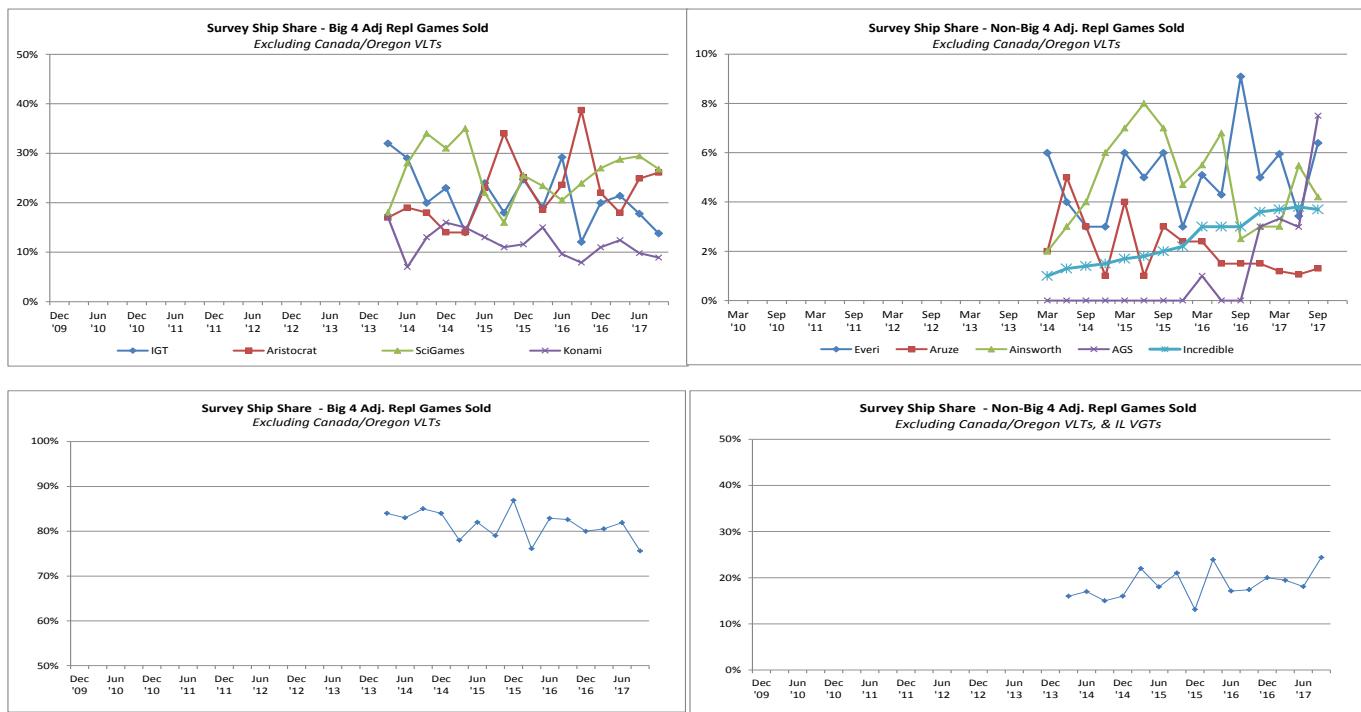
Source: EILERS-FANTINI Quarterly Slot Survey

### Total Survey Replacement Sales by qtr



Source: EILERS-FANTINI Quarterly Slot Survey

## Historical Survey Trends – Adj. Repl Sales excluding Canada &amp; Oregon VLTs



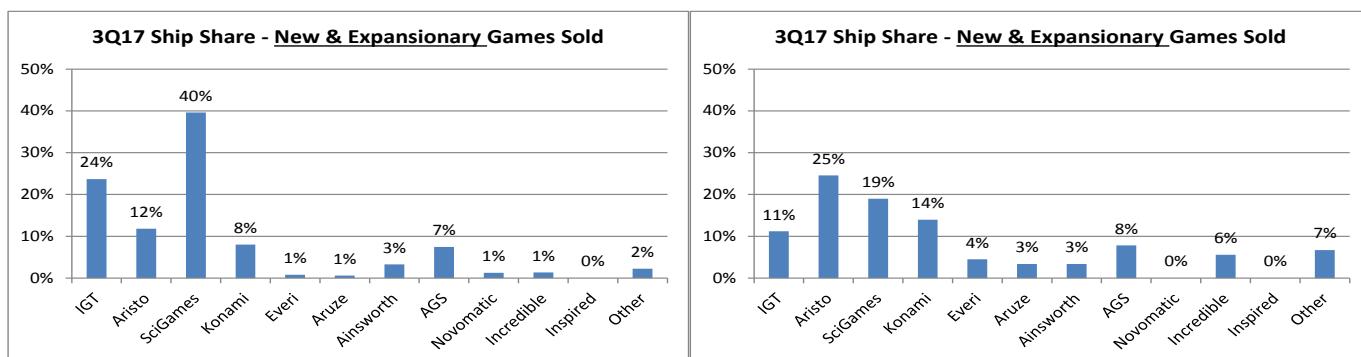
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## N. America New Openings &amp; Expansion Sales

As mentioned previously, our survey participants purchased 1,035 new and expansionary games in the qtr. Below we highlight New Casino Opening & Expansionary Sales across our N. American survey participants in the qtr.

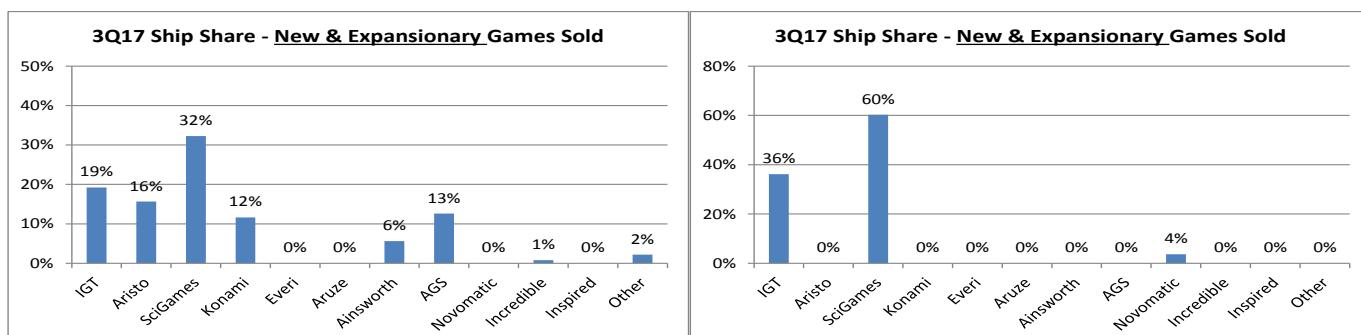
## North America Total Sales



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## Tribal Casinos



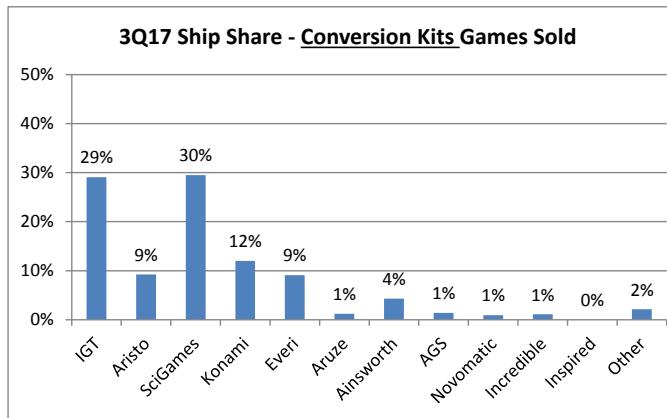
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## N. America Conversion Kits

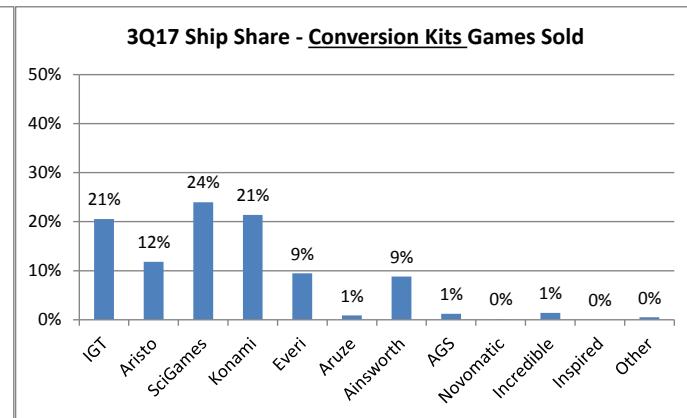
As mentioned previously, our N. America survey participants purchased 5,029 conversion kits in the qtr. Below we highlight the number of Conversion kits purchased in the qtr by our N. American survey participants and the ship share by supplier during the quarter.

### North America Total



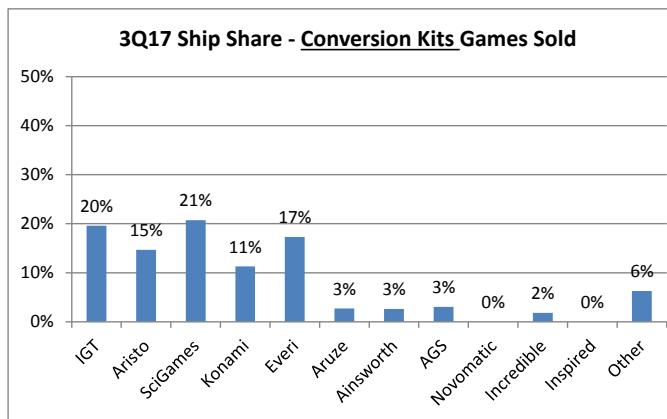
Source: EILERS-FANTINI Quarterly Slot Survey

### Commercial Casinos



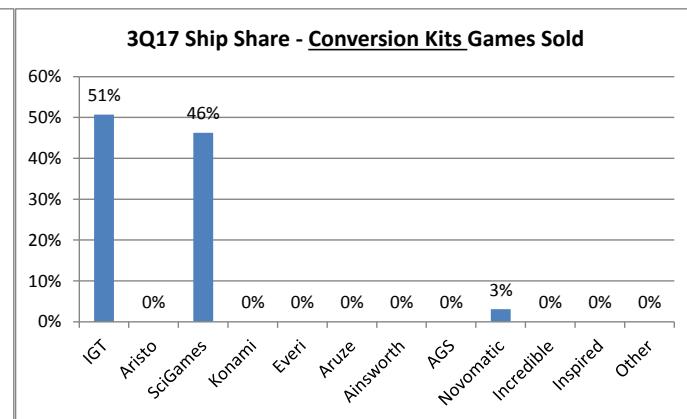
Source: EILERS-FANTINI Quarterly Slot Survey

### Tribal Casinos



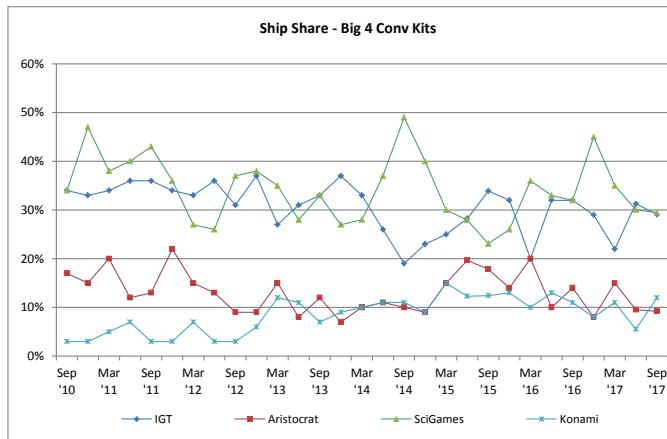
Source: EILERS-FANTINI Quarterly Slot Survey

### VLT / Route Ops

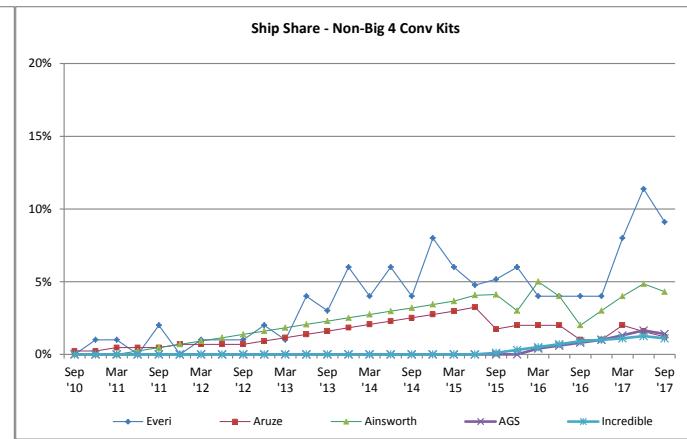


Source: EILERS-FANTINI Quarterly Slot Survey

### Historical Trends



Source: EILERS-FANTINI Quarterly Slot Survey

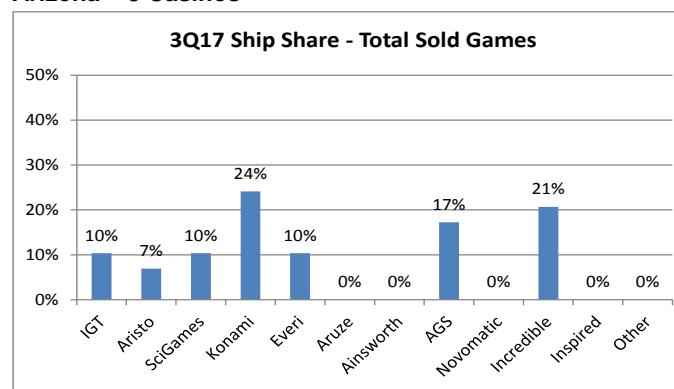


Source: EILERS-FANTINI Quarterly Slot Survey

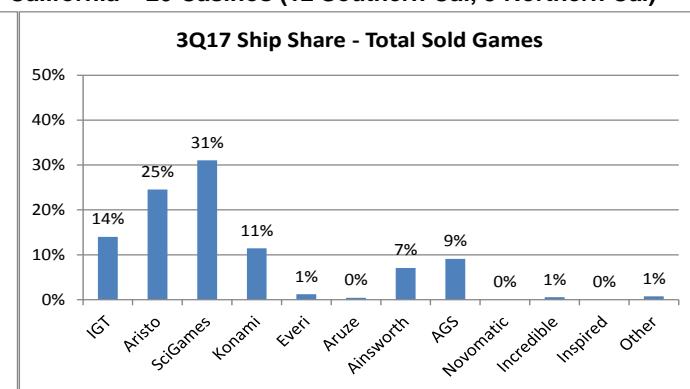
## 9. N. America Regional Ship Share for 3Q CY17

Below we highlight N. American ship share by region across our survey participants in the qtr. Note, regional ship share includes both replacement and new and expansionary sales.

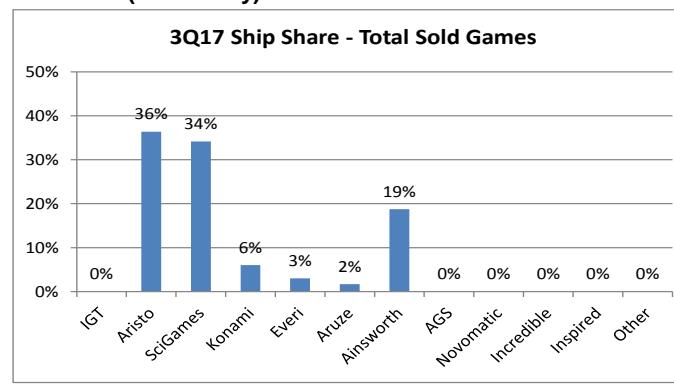
### Arizona – 3 Casinos



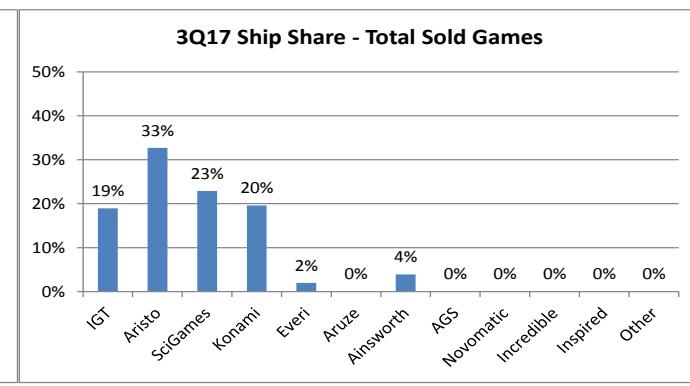
### California – 20 Casinos (12 Southern Cal, 8 Northern Cal)



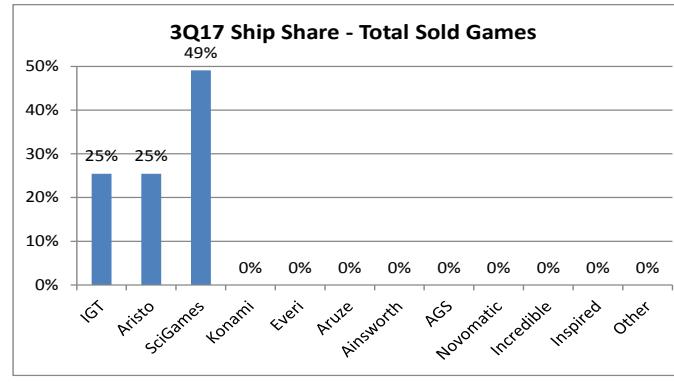
### Canadian (Slots Only) – 36 Casinos



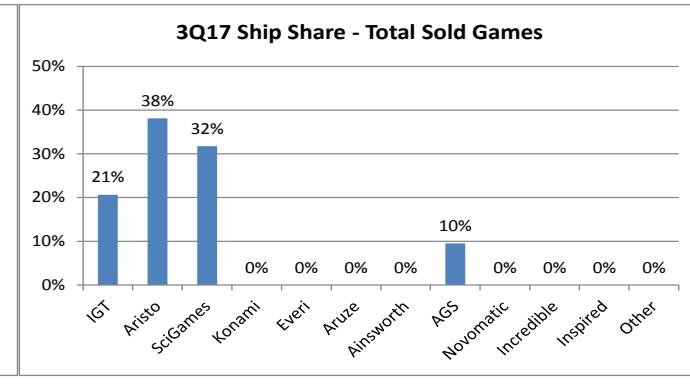
### Colorado – 9 Casinos



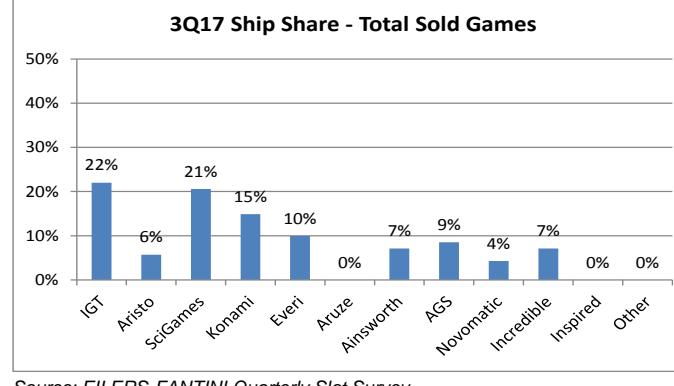
### Delaware – 3 Casinos



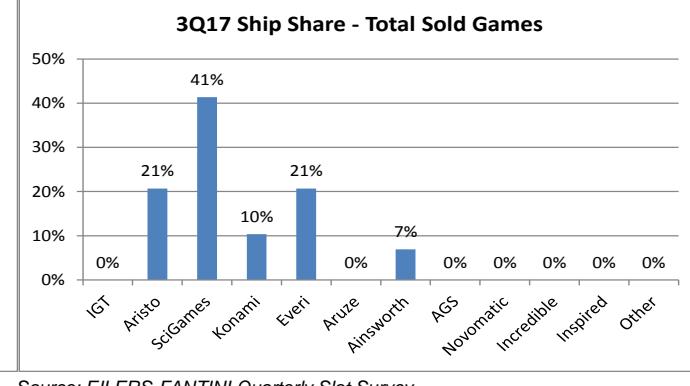
### Iowa – 5 Casinos



### Indiana – 4 Casinos

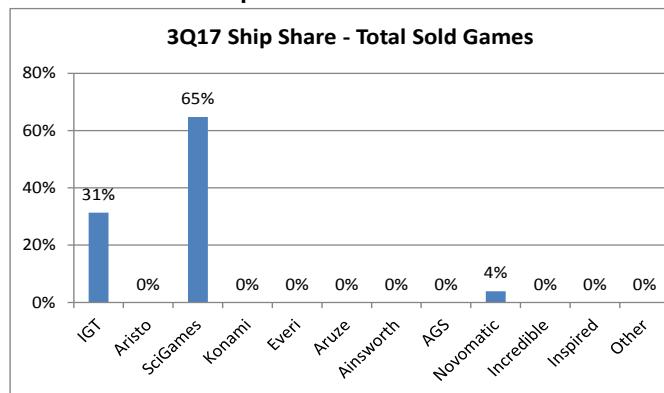


### Illinois – 2 Casinos

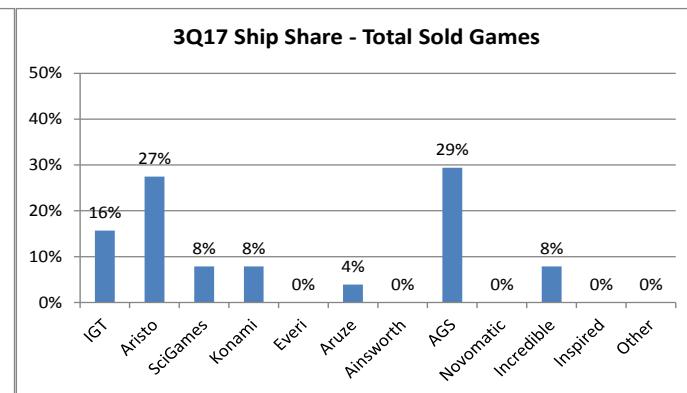


Source: EILERS-FANTINI Quarterly Slot Survey

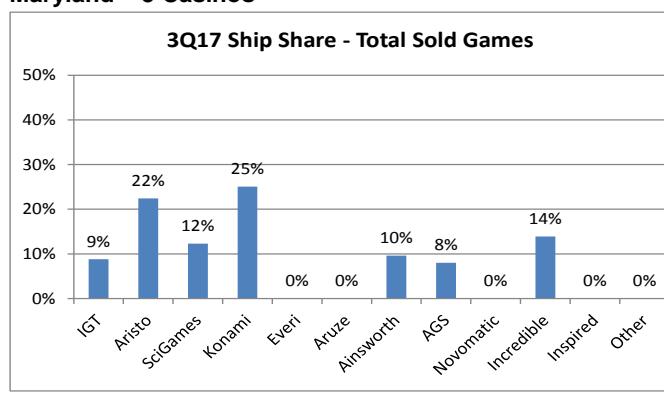
Source: EILERS-FANTINI Quarterly Slot Survey

**IL VGTs – 4 Route Operators**

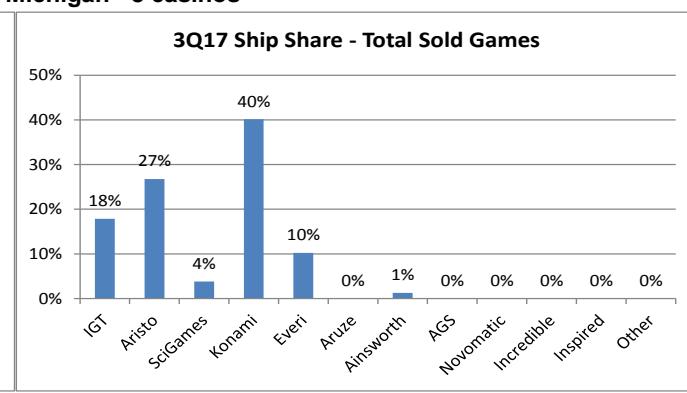
Source: EILERS-FANTINI Quarterly Slot Survey

**Louisiana - 2 casinos**

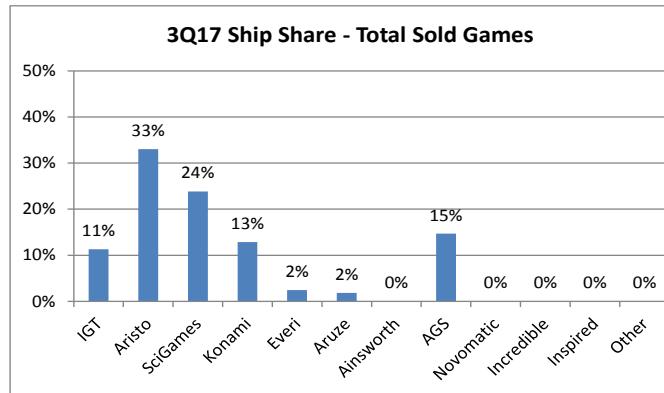
Source: EILERS-FANTINI Quarterly Slot Survey

**Maryland – 3 Casinos**

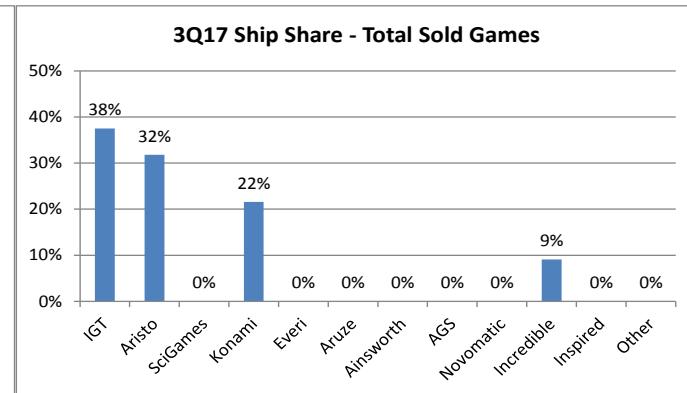
Source: EILERS-FANTINI Quarterly Slot Survey

**Michigan - 8 casinos**

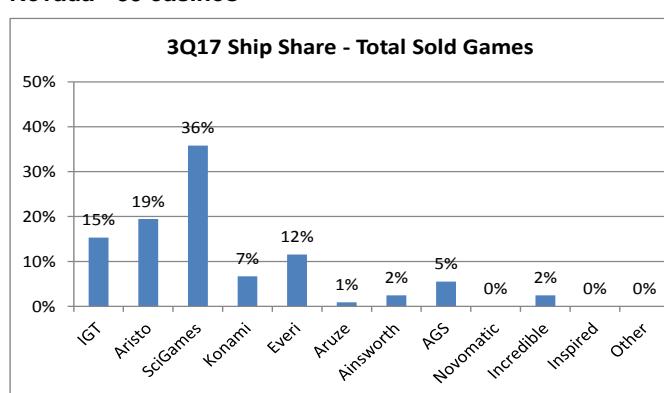
Source: EILERS-FANTINI Quarterly Slot Survey

**Mississippi - 3 casinos**

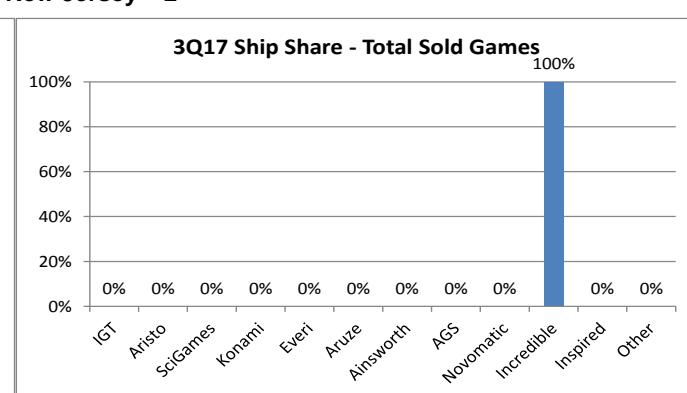
Source: EILERS-FANTINI Quarterly Slot Survey

**Minnesota – 3 Casinos**

Source: EILERS-FANTINI Quarterly Slot Survey

**Nevada - 39 casinos**

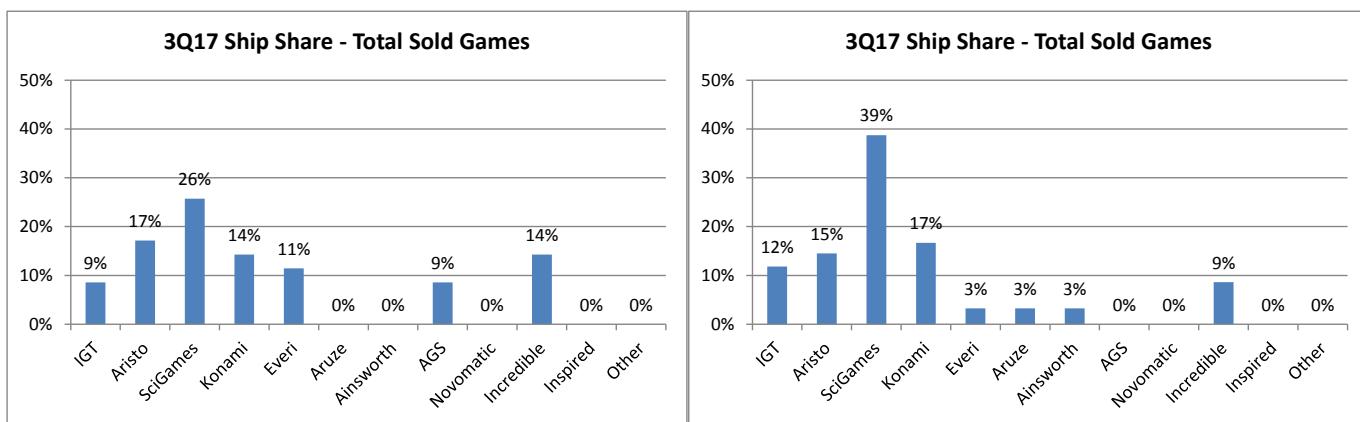
Source: EILERS-FANTINI Quarterly Slot Survey

**New Jersey – 2**

Source: EILERS-FANTINI Quarterly Slot Survey

## New Mexico – 10 Casinos

## Ohio - 6 casinos

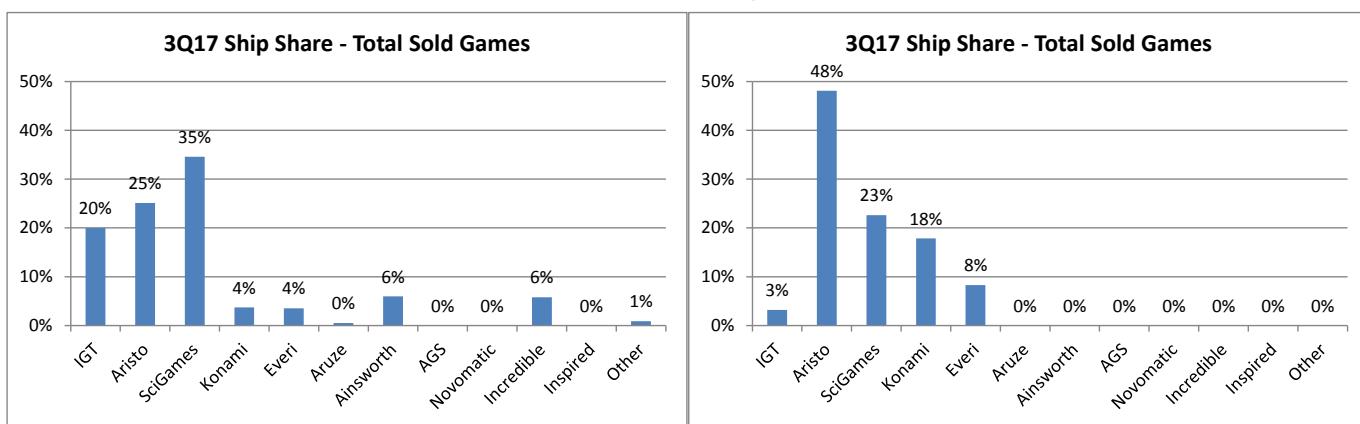


Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## Oklahoma – 61 Casinos (Incl Operators &amp; Distributors)

## Pennsylvania - 3 casinos

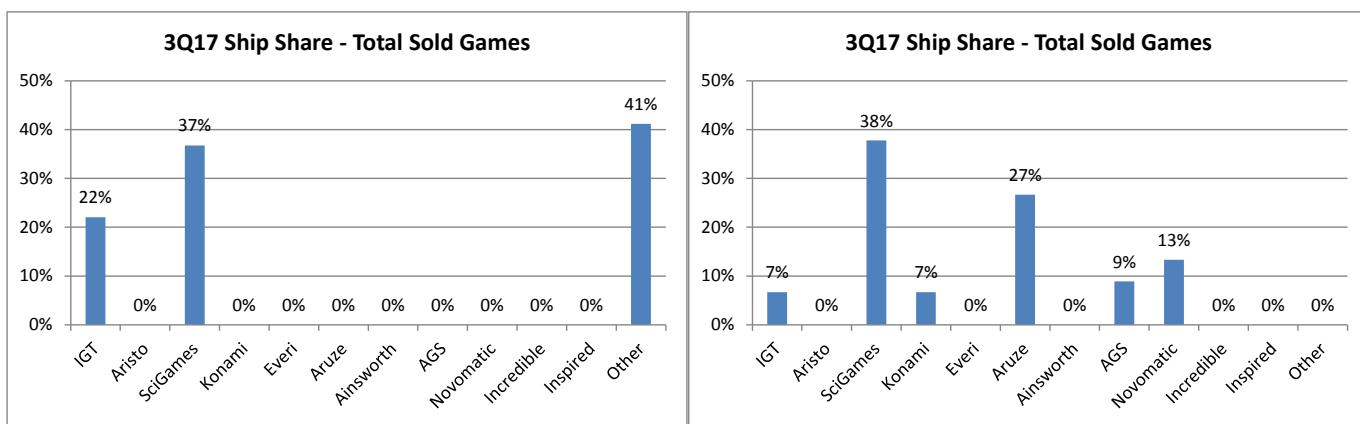


Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## Washington - 4 casinos

## Wisconsin – 12 Casinos

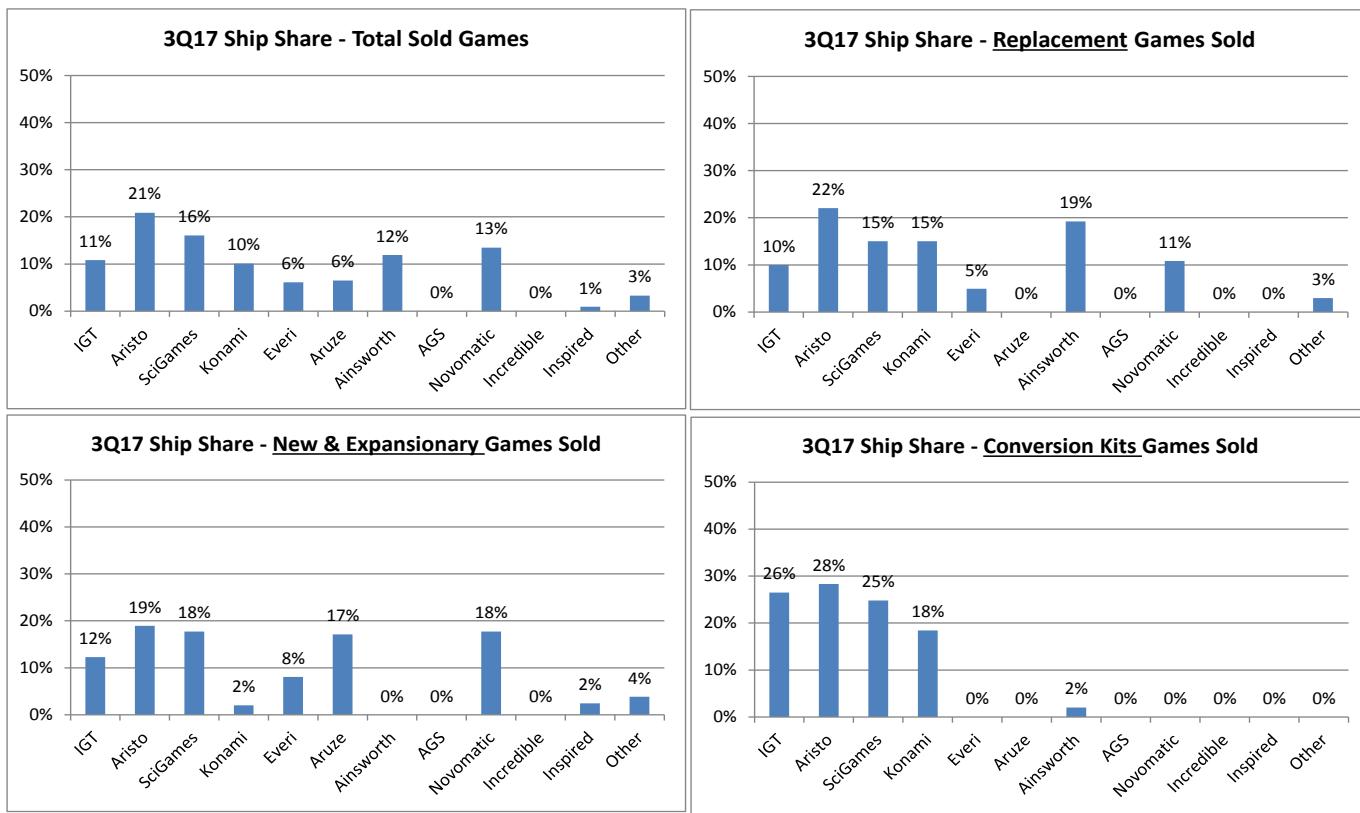


Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## 10. International - Regional Ship Share for 3Q CY17

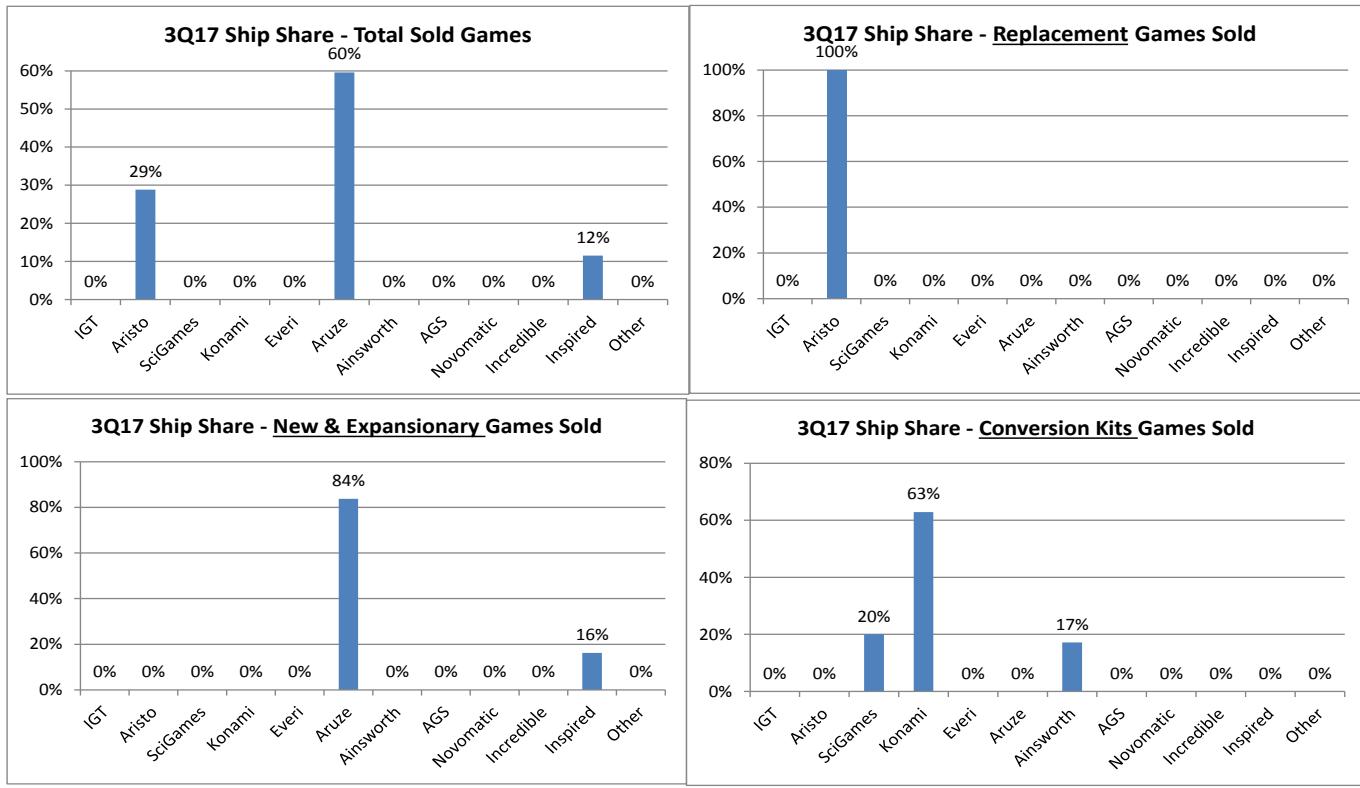
### International – 327 Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

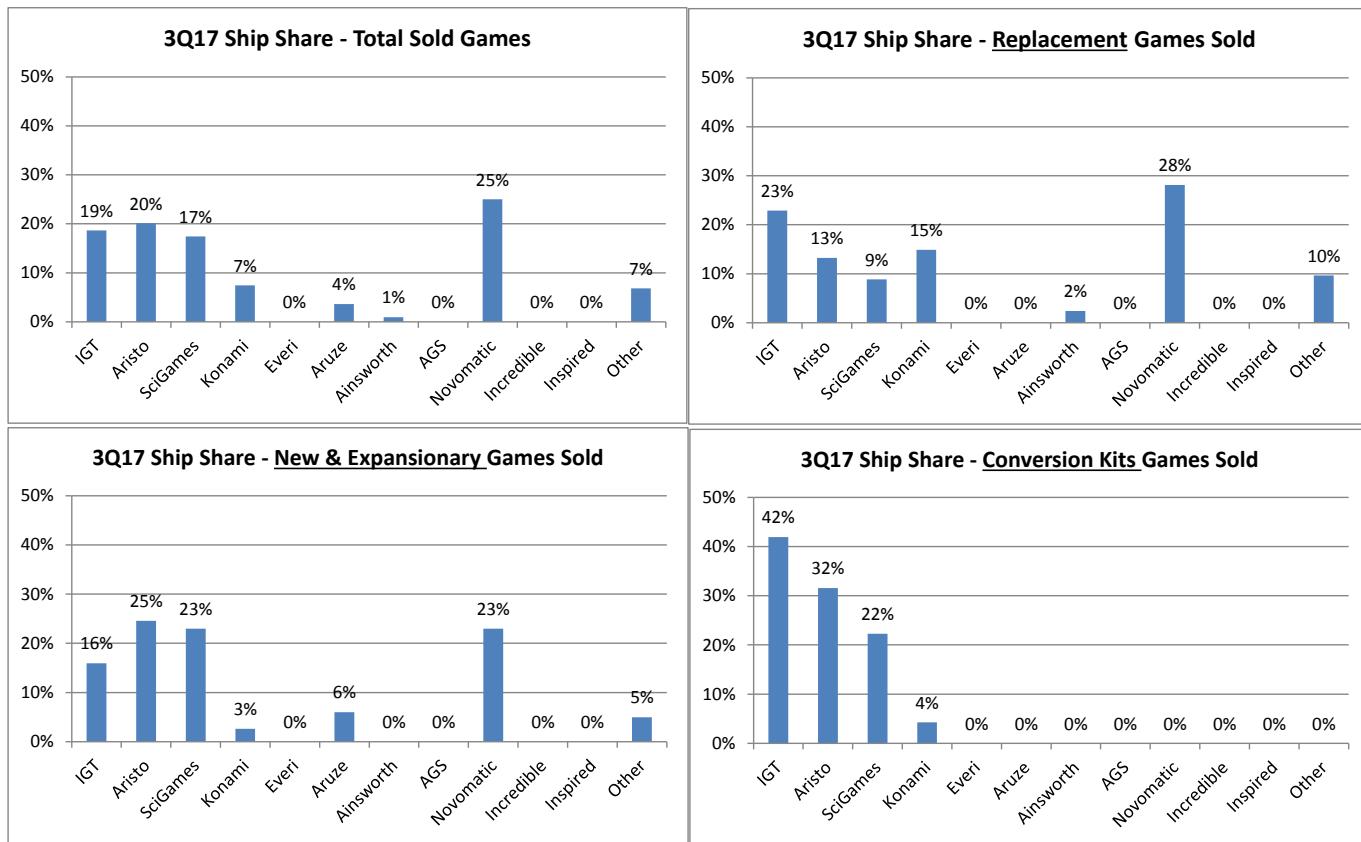
### Asia – 5 Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

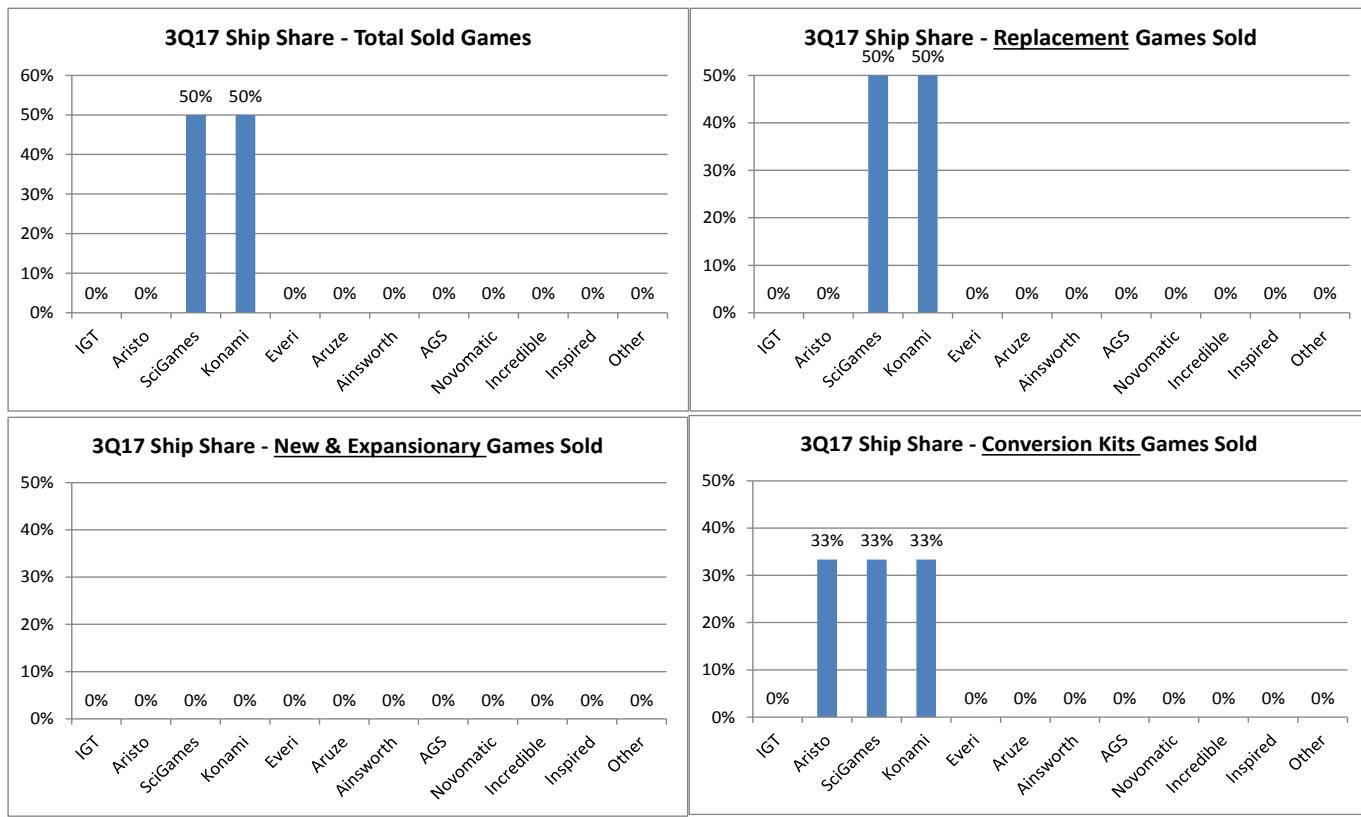
## Europe – 90 Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

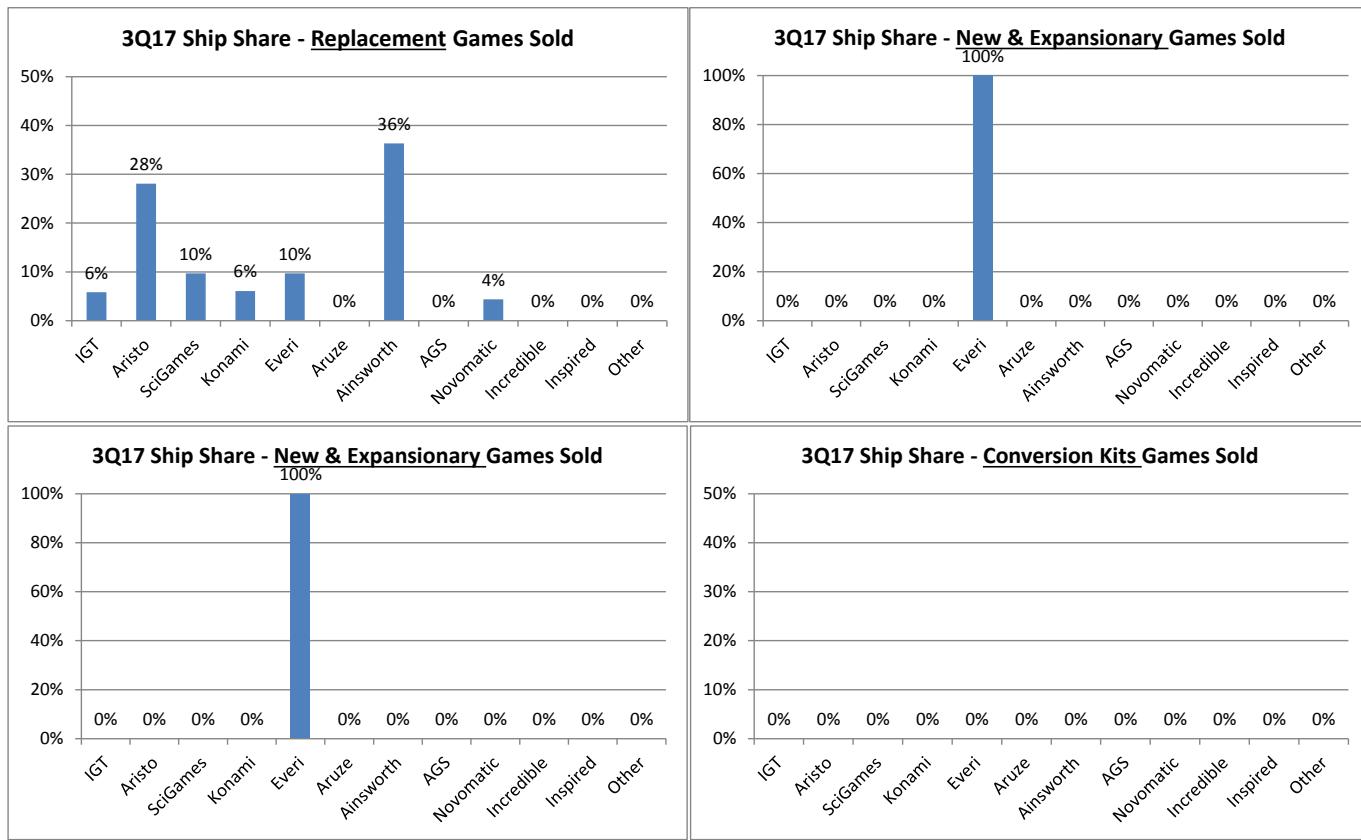
## Australia / NZ – 3 Casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

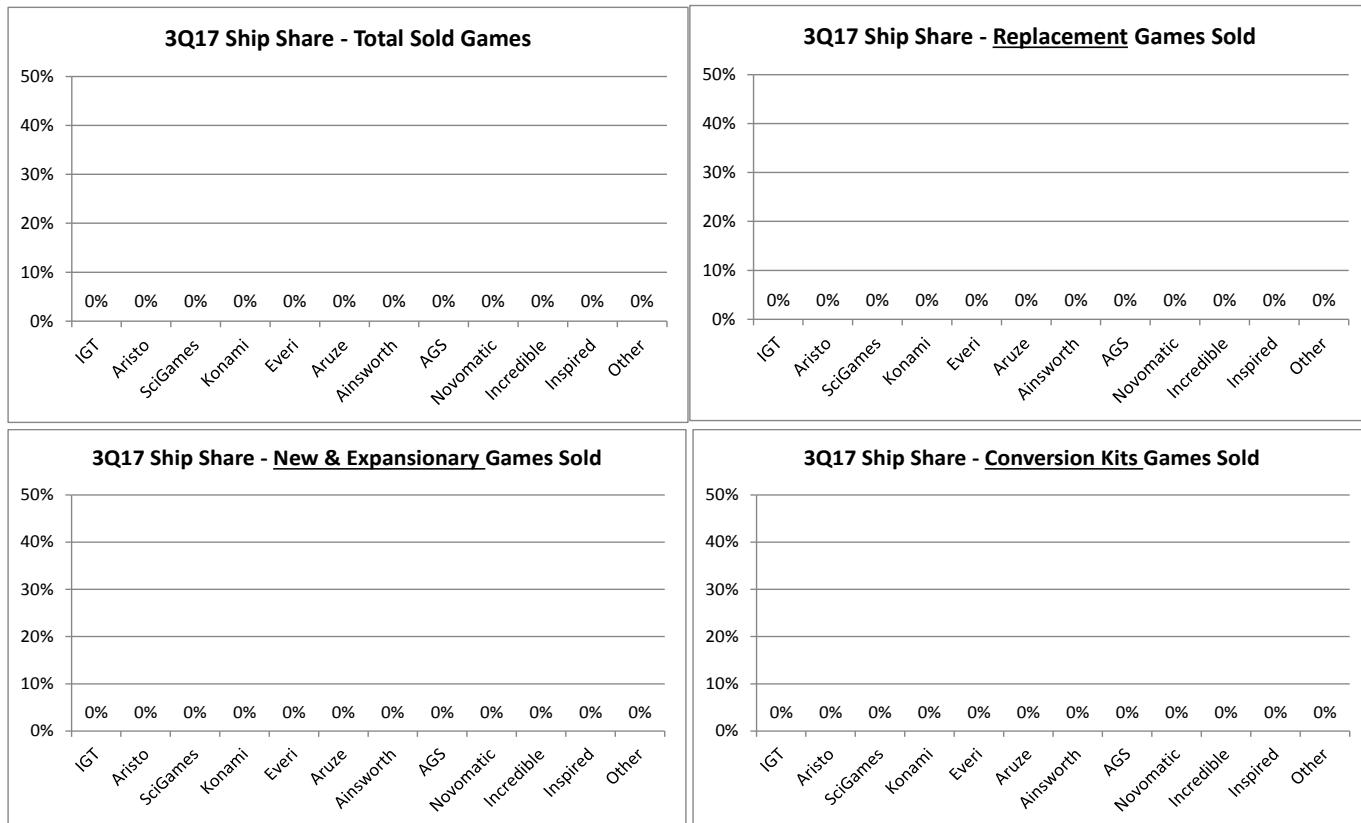
## Latin America – 179 casinos



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## South Africa – 1 casino



## 11. Increase (Decrease) in Leased / Participation Units Installed

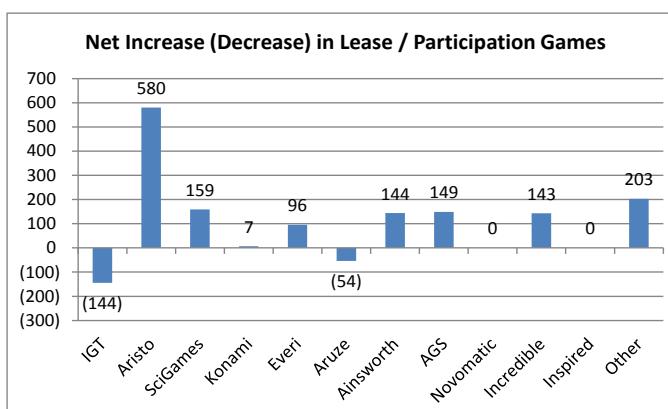
**Question 10 – Please indicate how many (net) games were added to the lease install base in 3Q CY17 by supplier.**

With this question we are trying to determine which suppliers are gaining or losing leased / participation units in their recurring revenue install base. For the purpose of this survey, leased games include WAP, LAP, Daily fee, 80/20 Participation, and VLT/Class II leases.

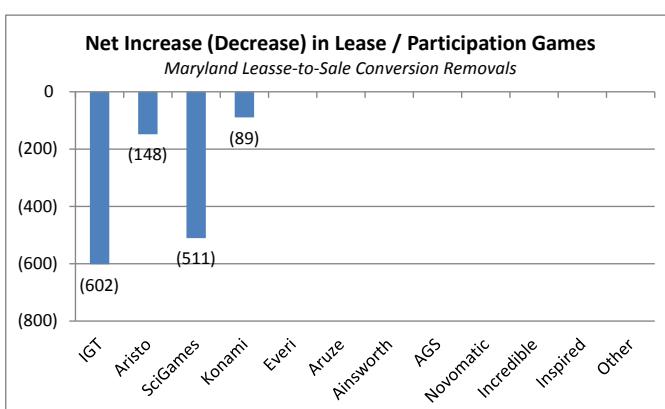
This quarter our N. America participants added +1,283 (net) lease / participation games to their install base making it the 8<sup>th</sup> out of the last 9 qtr's that participants have added games overall. Note, the number of lease/participation games added in our survey excludes the expected removal of ~1,350 VLTs in Maryland during the qtr due to the conversion of those games from a lease (state) to a sale (private operator).

The gains this qtr came both from the Premium category with a +636 unit increase q/q while Non-Premium leased games also increased +647 games q/q. Also, the majority of the gains came from Tribal casinos which added +1,331 games while Commercial removed -48 games. Note, we define Non-Premium as Class II & VLT games installed in 100% leased/participation casinos.

In the chart below and to the left, we highlight the (net) increase/decrease in leased units by supplier during the qtr excl MD/VLT Lease-to-sale conversions. In the chart below and to the right, we highlight est MD VLT Lease-to-Sale removals.



Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

As for suppliers, Aristocrat was once again the clear market share gainer across our survey participants continuing its march upward adding another +580 games across our survey participant install base (excl ~150 MD lease-to-sale conversions) including +454 Class III premium leased games and +126 Class II games added. As we will highlight in game performance section, the key driver of Premium unit placements was the performance of the company's highly successful *Lightening Link*, *Buffalo Grand*, and *Dragon Link* games while Non-Premium placements were driven by the release of the Class II Ovation platform with Aristocrat video reel content.

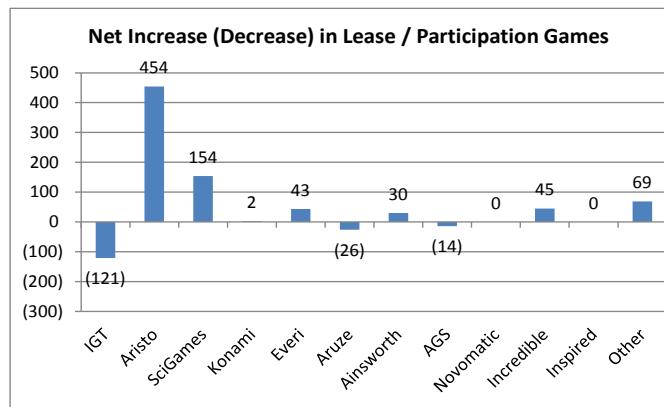
SciGames had a much improved qtr adding +159 games to its install base excluding ~500 MD VLT lease to sale conversions. Most of SciGames installs came from Tribal Casinos (+133) vs. Commercial (+26). In addition, almost all of the gains came in the Premium category with +154 games added while the non-Premium category was essentially flat (ex MD Conversions). As highlighted in the game performance section, SciGames new Gamescape premium platform with Wonka and now the Simpsons was a strong contributor during the qtr.

All other vendors had positive placements this quarter except for IGT and Aruze, which both lost units. Net adds/removals in order from highest to lowest: AGS (+149 q/q), Ainsworth (+144 q/q), Incredible (+143 q/q), Everi (+96 q/q), Konami (+7 q/q), Aruze (-54 q/q), and IGT (-144 q/q). AGS, Ainsworth, and Incredible all had strong qtrs with respect to net additions.

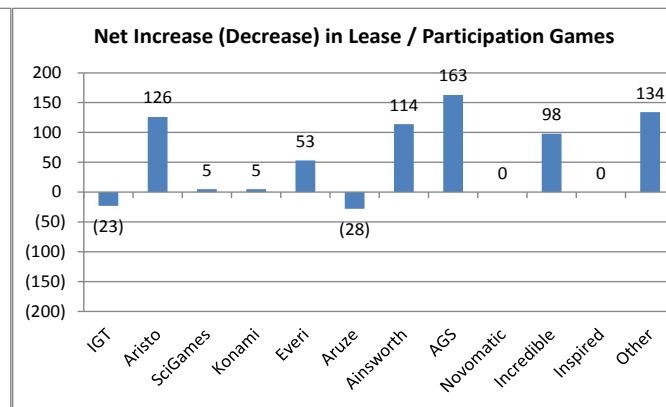
The first chart below and on the left shows the total (net) increase / decrease in leased units for casinos excluding Class II and VLT facilities with 100% leased product. We believe this chart is the best gauge for premium installations / removals in the quarter. The second chart below and on the right highlights the (net) increase / decrease in leased units for existing casinos that are 100% VLT/Class II leased facilities.

## N. America ex 100% Leased Casinos (ie. Premium)

## N. America only 100% Leased Casinos (ie. Class II &amp; VLT)



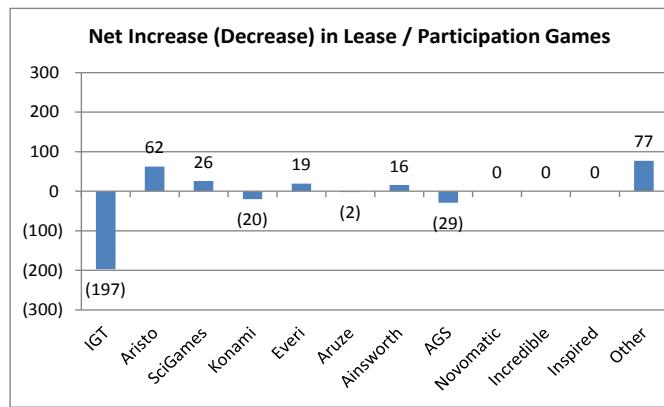
Source: EILERS-FANTINI Quarterly Slot Survey



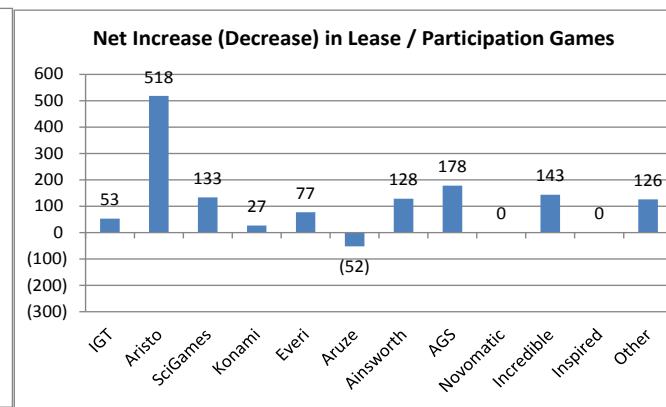
Source: EILERS-FANTINI Quarterly Slot Survey

## Commercial Casinos

## Tribal Casinos



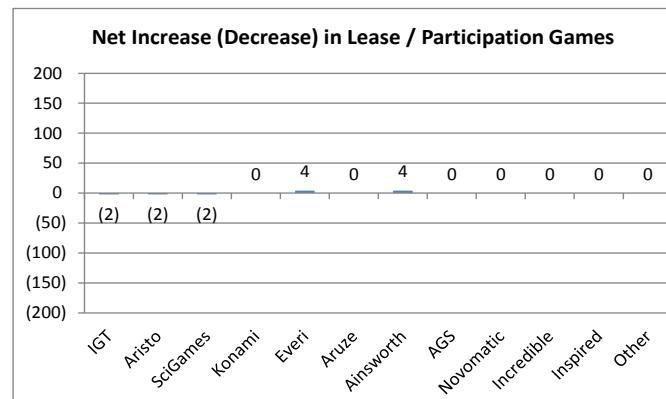
Source: EILERS-FANTINI Quarterly Slot Survey



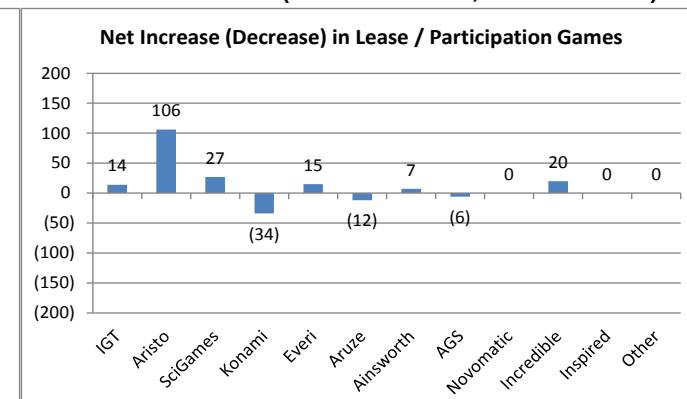
Source: EILERS-FANTINI Quarterly Slot Survey

## N. America Regional Market Increase (Decrease) in Leased Units

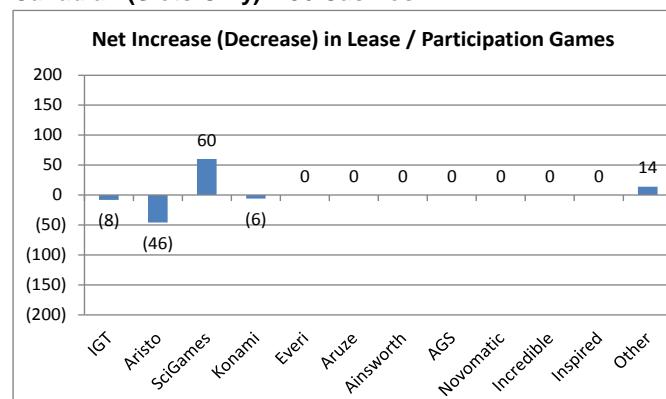
## Arizona – 3 Casinos



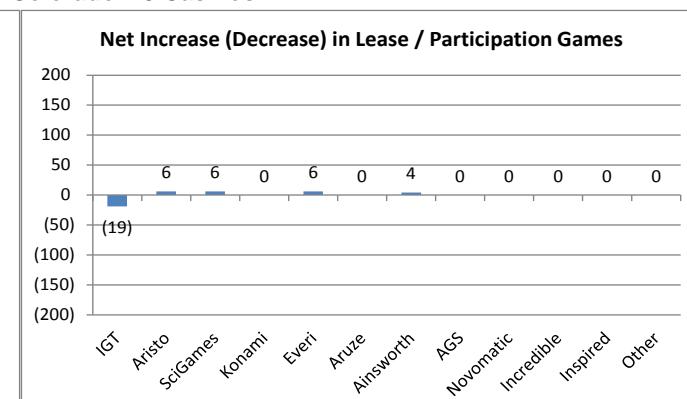
## California – 20 Casinos (12 Southern Cal, 8 Northern Cal)



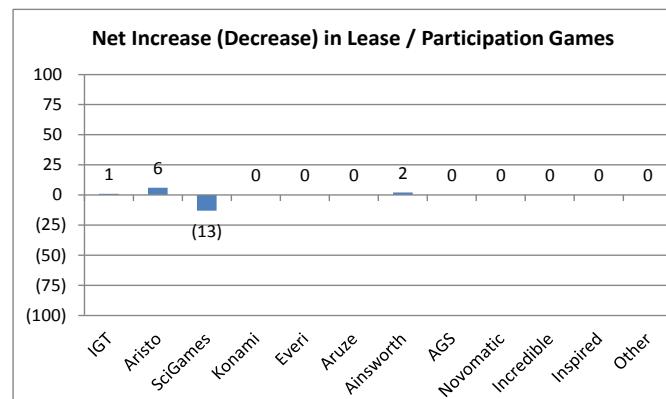
## Canadian (Slots Only) – 36 Casinos



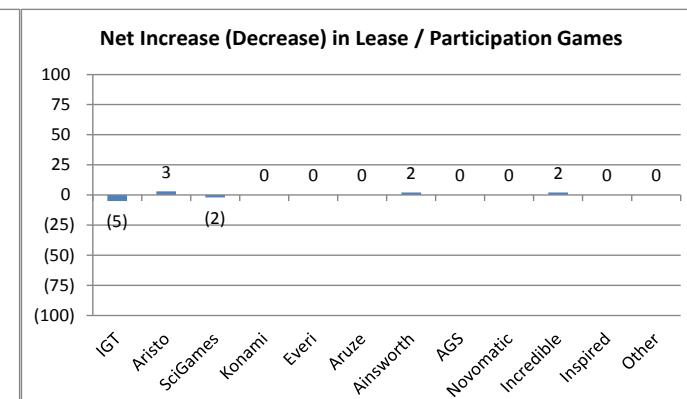
## Colorado – 9 Casinos



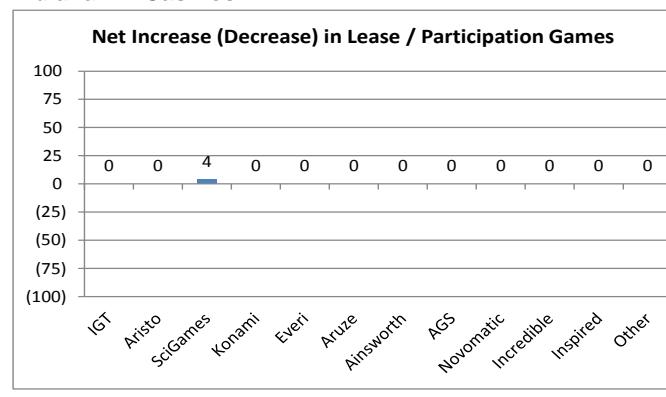
## Delaware – 3 Casinos



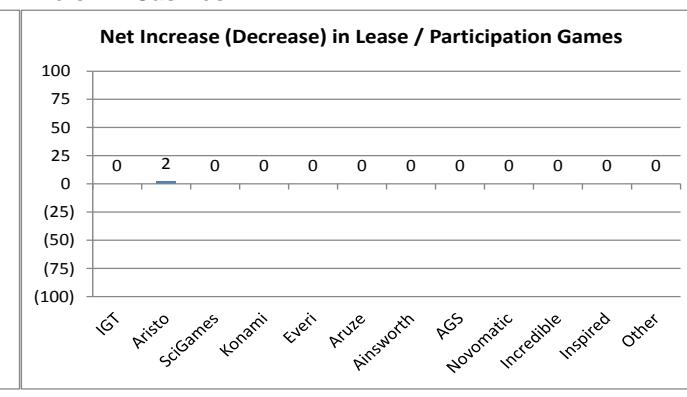
## Iowa – 5 Casinos



## Indiana – 4 Casinos



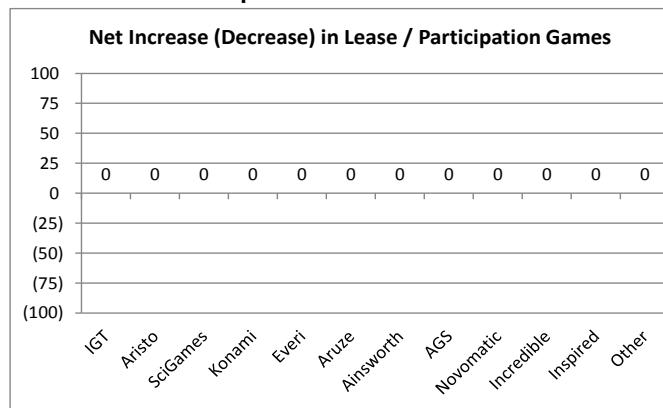
## Illinois – 2 Casinos



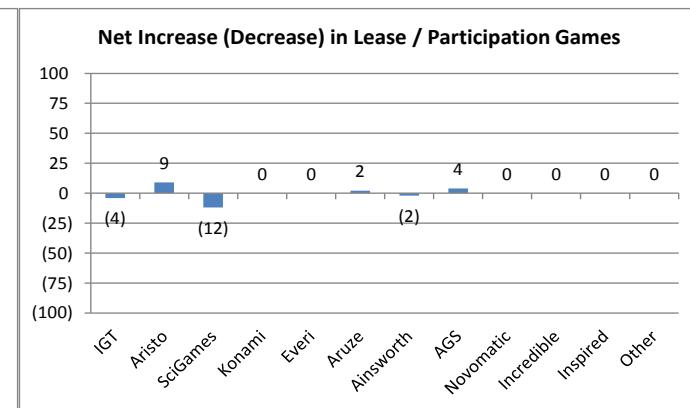
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

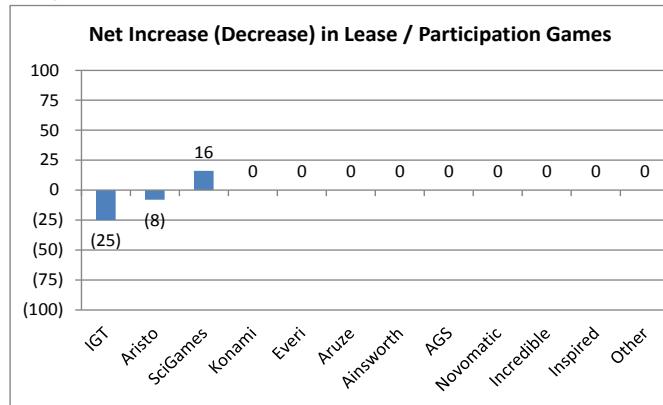
## IL VGTs – 4 Route Operators



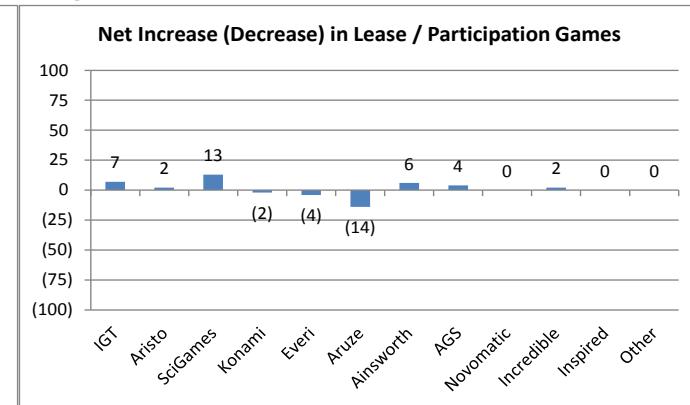
## Louisiana - 2 casinos



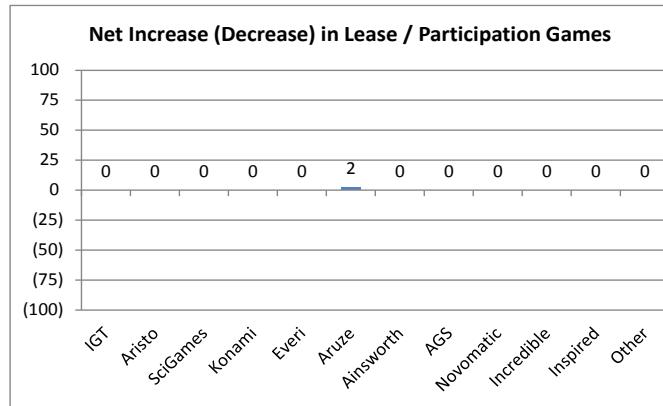
## Maryland – 3 Casinos



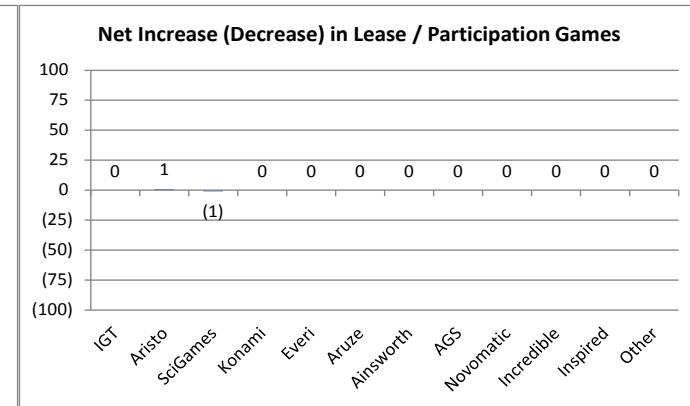
## Michigan - 8 casinos



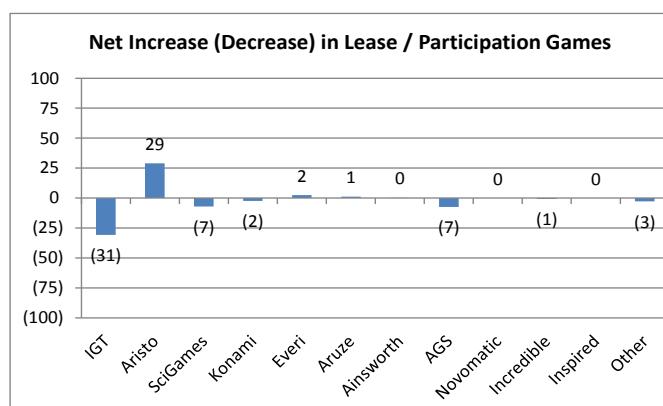
## Mississippi - 3 casinos



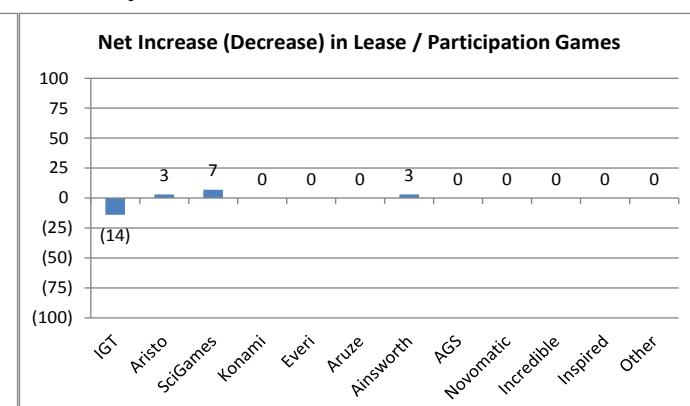
## Minnesota – 3 Casinos



## Nevada - 39 casinos

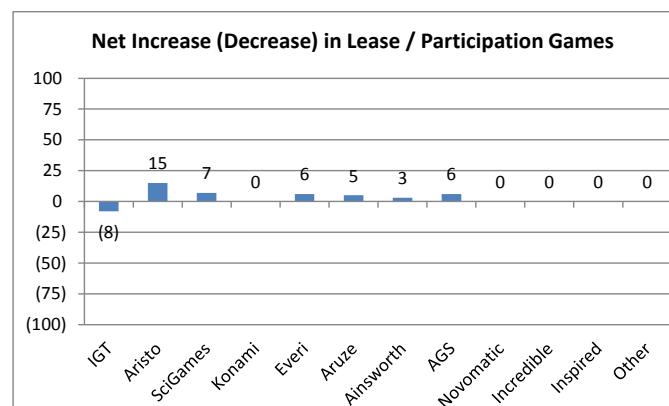


## New Jersey – 2

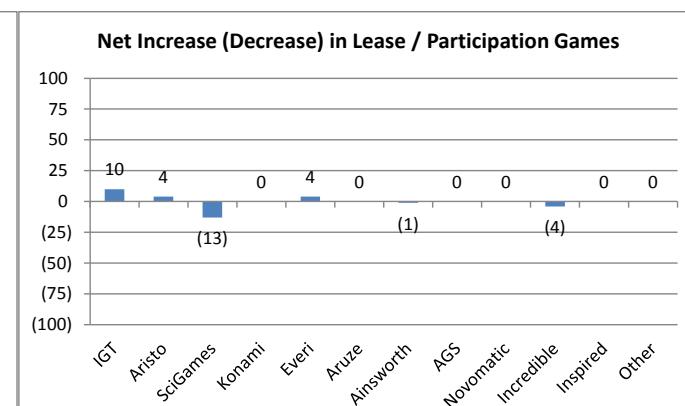


Source: EILERS-FANTINI Quarterly Slot Survey

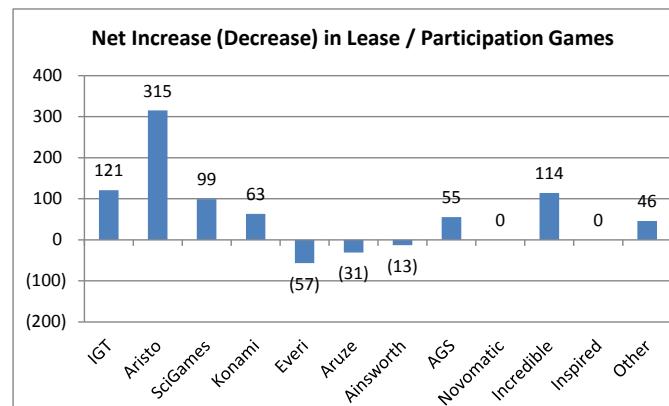
Source: EILERS-FANTINI Quarterly Slot Survey

**New Mexico – 10 Casinos**

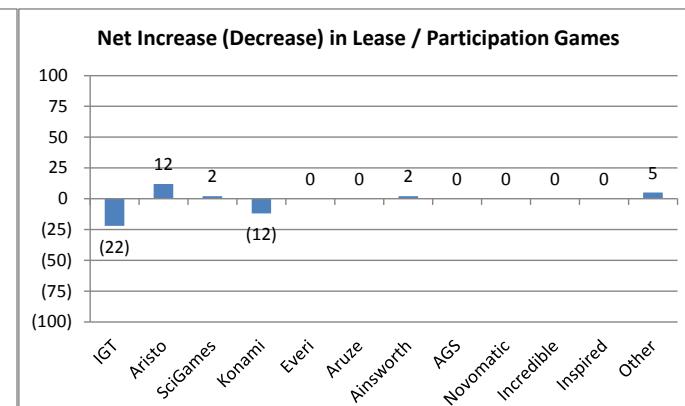
Source: EILERS-FANTINI Quarterly Slot Survey

**Ohio - 6 casinos**

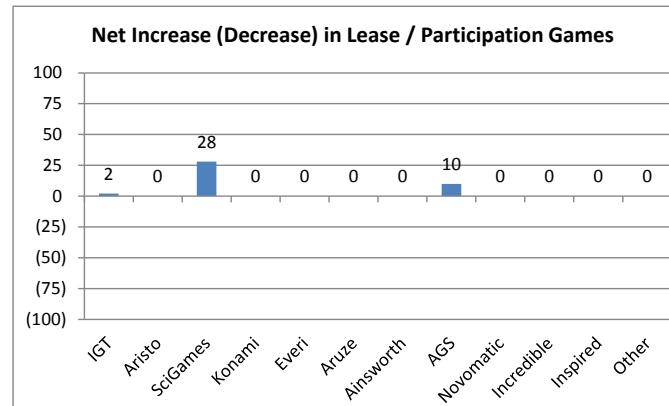
Source: EILERS-FANTINI Quarterly Slot Survey

**Oklahoma – 61 Casinos (Incl Operators & Distributors)**

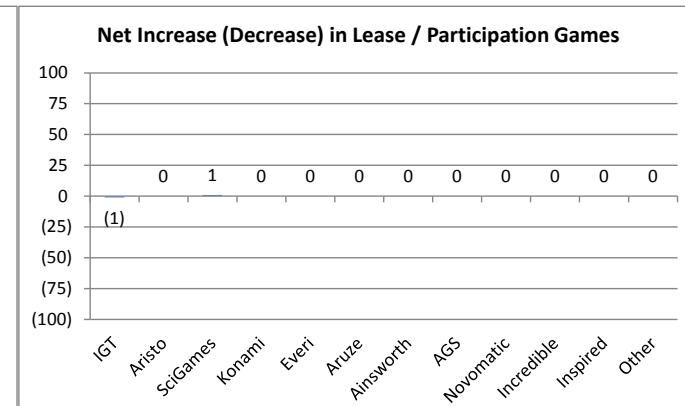
Source: EILERS-FANTINI Quarterly Slot Survey

**Pennsylvania - 3 casinos**

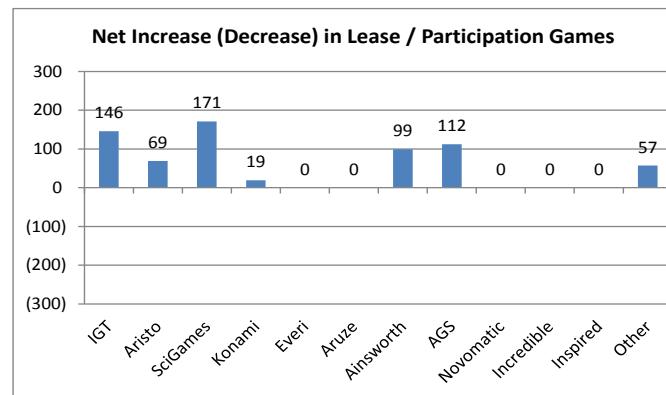
Source: EILERS-FANTINI Quarterly Slot Survey

**Washington - 4 casinos**

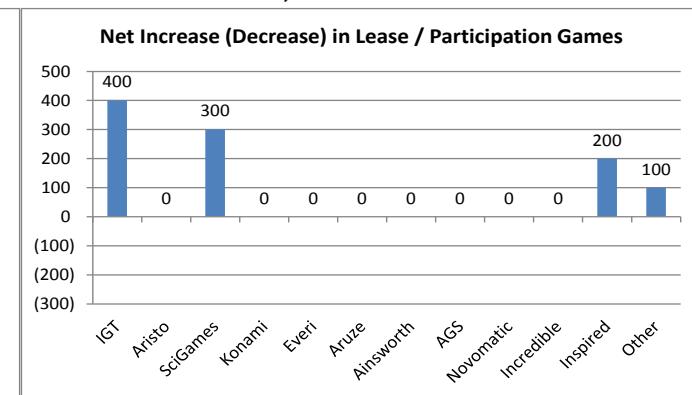
Source: EILERS-FANTINI Quarterly Slot Survey

**Wisconsin – 12 Casinos**

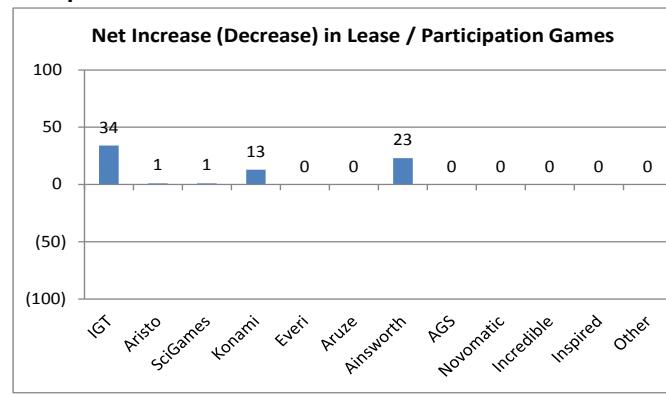
Source: EILERS-FANTINI Quarterly Slot Survey

**Total International Casinos ex Route – 323 casinos**

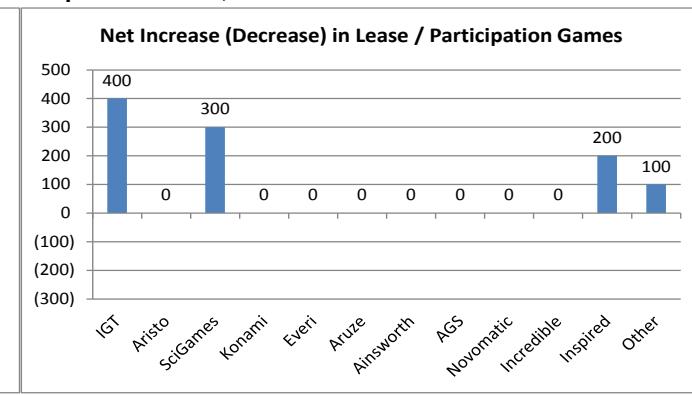
Source: EILERS-FANTINI Quarterly Slot Survey

**International Route – 17,200 Retail Locations**

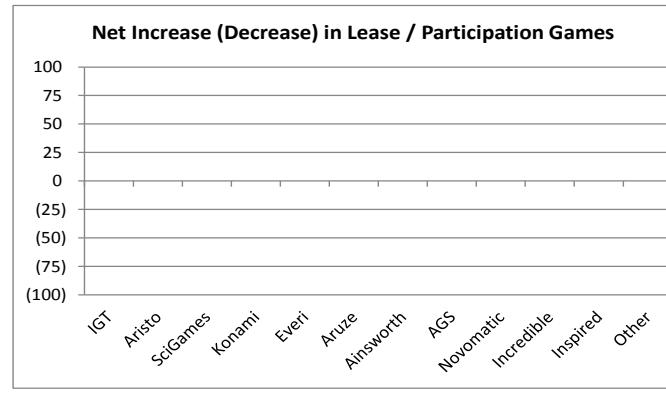
Source: EILERS-FANTINI Quarterly Slot Survey

**Europe – 100 Casinos**

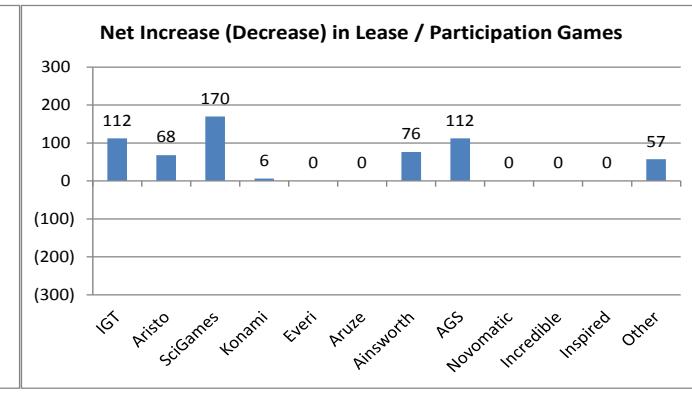
Source: EILERS-FANTINI Quarterly Slot Survey

**Europe Route – 17,200 Retail Locations**

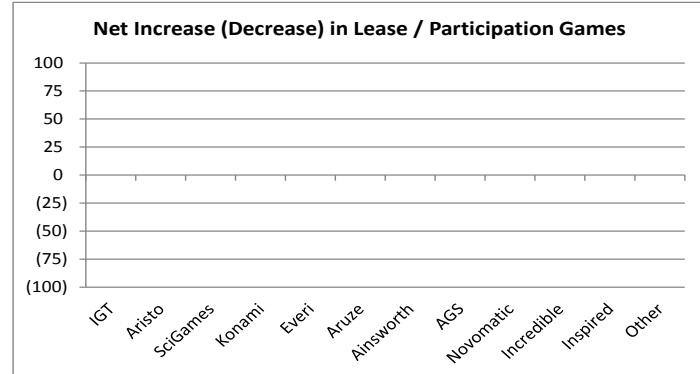
Source: EILERS-FANTINI Quarterly Slot Survey

**Australia/NZ – 1 Casinos**

Source: EILERS-FANTINI Quarterly Slot Survey

**L. America – 153 Casinos**

Source: EILERS-FANTINI Quarterly Slot Survey

**S. Africa – 9 Casinos**

Source: EILERS-FANTINI Quarterly Slot Survey

## 12. Top Performing Casino Owned Games

### Question 11 – What were your Top 3 performing CASINO OWNED games in 3Q CY17?

According to our survey participants, the Top 3 performing CASINO OWNED games in the quarter were 1) Aristocrat's *Buffalo*, 2) SciGames' *Dancing Drums*, and 3) SciGames's *Lock It Link*. With respect to change in vote share, SciGames' *Dancing Drums* continues to ramp up while IGT's *Double Gold* also gained significant vote share in the quarter. Conversely, Aristocrats' *Wonder 4* and SciGames' *Quick Hits Triple Blazing 7s* lost the most votes for top performing Casino Owned game in the quarter.

As for the vendors in aggregate, the Top 3 suppliers were 1) IGT, 2) SciGames and 3) Aristocrat. IGT maintained its lead in top performing portfolio of Casino Owned games with 32% of the votes which was down -3% q/q due to a marginal decline for votes among IGT's top performers while overall vote share continues to be supported by the company's deep library of content. IGT had 14 games within the top 30, just as in the previous quarter. Additionally, IGT had votes for 60 different games this quarter, which was five more than the prior quarter. We note this is this relatively in-line with IGT's performance within Product Sales over the past couple years, which we see as a positive sign for potential stabilization in this segment.

SciGames regained the sole 2<sup>nd</sup> position in this quarter with 28% vote share which is a notable inflection point given SciGames had relinquished the spot to Aristocrat in 1Q16. Votes for SciGames' top performing Casino Owned content increased +6% q/q due to both an increase in votes among its strongest performing games as well as an increasing breadth of content represented in the survey. SciGames' *Lock It Link*, a title influenced by the success of Aristocrat's *Lightning Link* but positioned for the Casino Owned market, continues to see growth. Additionally, content on the new Twinstar J43 cabinet seems to be performing very well - *Dancing Drums* was the 2<sup>nd</sup> strongest performing game on the list and *Bier Haus* cracked the top 30. Finally, SciGames received votes for 42 different games in the quarter versus 28 in the prior quarter, which was driven in part by increased survey participation.

Aristocrat followed SciGames but vote share decreased -4% q/q to 18% due in part to a lower concentration of votes among Aristocrat's strongest performers, as well as lower titles represented in the survey. Aristocrat's *Buffalo* and *Wonder 4* continue to be outstanding performers but vote share declined -1% and -2% q/q respectively while there were three less total Aristocrat titles receiving votes in the quarter than the prior period. Furthermore, we continue to note market performance continues to be relatively concentrated among these top 3 suppliers as they received ~78% of the top game votes, which was flat versus the prior period.

Beyond the top three suppliers, Ainsworth remained in the 4<sup>th</sup> position in our Casino Owned game rankings. Ainsworth's voting share was flat q/q at ~7% due to sustained performance for top games such as *Eagle Bucks* and *Thunder Cash*. Following Ainsworth, Konami voter share was also flat at ~6% led by the *Selexion* multi-game. Everi came in 6<sup>th</sup> with vote share increasing +1% q/q to ~3% led by its top performing game *Black Diamond*. AGS overtook Incredible Technologies, this quarter with vote share nearly doubling to ~3% due to an increase in votes for *River Dragons* on its new Orion cabinet. Incredible Technologies, Novomatic, EGT, and Bluberi followed the group above with roughly ~1% share of votes for each.

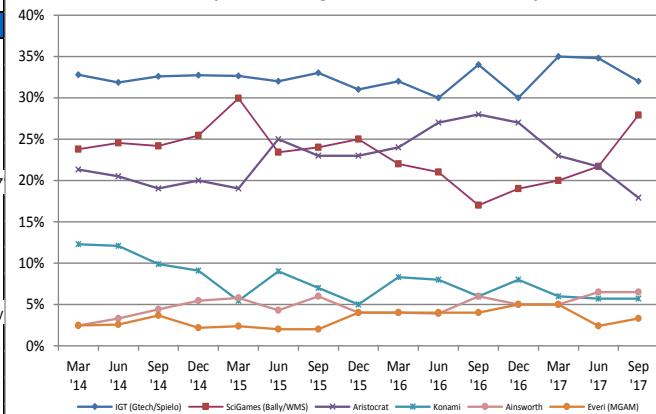
In the below tables we provide a ranking of the top performing Casino Owned games by game and supplier. Note, games below the Top 30 with one or two votes are included in the individual game votes, but are not broken out in the summary table. In addition, vendors with less than 2 votes are included in the total vendor Votes, but not broken out in the summary table.

Top Performing "For Sale" Game Rankings - 3Q17

No. Supplier / Game	No. Supplier / Game
1 Aristocrat / Buffalo	16 IGT / The Wild Life
2 SciGames / Dancing Drums	17 Everi / Black Diamond
3 SciGames / Lock It Link - Diamonds	18 IGT / Triple Fortune Dragon
4 IGT / Double Gold	19 SciGames / Bier Haus
5 Aristocrat / Wonder 4	20 IGT / Triple Red Hot 7s Spitfire
6 SciGames / 88 fortune (Duo Fu Duo Cai)	21 SciGames / Quick Hits Triple Blazing 7s
7 IGT / Game King Poker	22 IGT / Triple Double Stars
8 SciGames / Fu Dao Le	23 IGT / Double Diamond
9 IGT / (Triple) Double Top Dollar	24 Aristocrat / Golden Zodiac
10 Konami / Selexion Multi-Game	25 IGT / Stinkin Rich
11 IGT / Ocean Magic	26 Incredible Technologies / Crazy Money
12 AGS / River Dragons	27 IGT / Twin Win
13 IGT / Cleopatra	28 Novomatic / Impera Line Multigame
14 Ainsworth / Eagle Bucks	29 IGT / Ultimate X Poker
15 Ainsworth / Thunder Cash	30 IGT / Triple Stars

Source: EILERS-FANTINI Quarterly Slot Survey

Top Performing Casino Owned Game by Qtr



Source: EILERS-FANTINI Quarterly Slot Survey

**Question 12 – What were your Top 3 performing CASINO OWNED games in 3Q CY17 that have been on the floor less than six months?**

This is a relatively new question in the survey. The aim is to generate an initial idea for the relative performance of each suppliers' portfolio of newer and recently released Casino Owned games. We note, our definition of recently released games are games that have been on the floor for less than 6 months. Additionally, in an attempt to avoid complication, we did not specify that our respondents omit games which have been available to the market for longer than six months, just games that were recently added to the floor. As a result, there is a mix of new and older titles in the responses.

According to our survey participants, the Top 3 performing CASINO OWNED games in the quarter that have been on the floor for less than six months were 1) SciGames' *Dancing Drums*, 2) SciGames' *Lock it Link*, and 3) Aristocrat's *Wonder 4*. SciGames' *Dancing Drums* is one of the titles released on the new J43 Twinstar cabinet, a new For Sale cabinet with an appearance and feature set that rivals many Premium Leased cabinets. *Lock it Link*'s continued strong performance in this category shows the game has additional runway in the For Sale space. Finally, we note Aristocrat's *Wonder 4* is not a new game, though the strong rank is indicative of the title's sustained performance which continues to drive new purchases.

As for the vendors in aggregate, the Top 3 suppliers were 1) SciGames, 2) Aristocrat and 3) IGT. SciGames surpassed Aristocrat this quarter with the leading portfolio of new Casino Owned games with ~34% vote share driven primarily by increased vote share among its highest performing new games. We note, *Dancing Drums* was a follow-up title to SciGames' already successful *88 Fortunes*, but on the new curved and tall TwinStar J43 cabinet. Additionally, SciGames' second J43 release, *Heidi's Bierhaus*, gained the most vote share from the previous quarter and will likely further support SciGames' performance in the For Sale category going forward. Aristocrat had the 2<sup>nd</sup> strongest portfolio of new Casino Owned games and received ~19% vote share driven by the top performing games, *Wonder 4* and *Buffalo Gold*, as well as newer family of games titles *Mighty Cash*. It was also a strong share gainer in the quarter and is worth tracking. IGT followed Aristocrat with ~17% vote share led by *Ocean Magic* on the Crystal Dual cabinet and *Wild Fury* on its new Crystal Curve cabinet.

Beyond the top three suppliers, Konami's new games earned ~9% vote share led by *Ca Lai Si Li*, a new family of Asian-themed content on the Concerto platform. AGS closely followed Konami with 8% vote share which was twice the share of the prior quarter due to strong performance of *Fu Nan Fu Nu* and *River Dragons* on the company's new Orion cabinet. The growth in AGS's reported game performance seems to be translating to ship share growth for both 3Q17 and forward expectations. Next, Incredible Technologies, Everi, and Ainsworth received ~3-4% share of votes each led by Incredible Technologies' *Crazy Money 2*, Everi's *Black Diamond*, and Ainsworth's new multi-game. Rocket Gaming, Novomatic, and Aruze followed the group above with roughly ~2% vote share for each respectively.

Finally, votes are also concentrated among the top 4 suppliers, with the group receiving ~79% vote share cumulatively. However, when compared with big 4 concentration for Total Casino Owned game performance, ~83% among the top 4, it seems smaller suppliers may be performing a little stronger with respect to recently released or purchased games. This may be indicative of the continued growth of smaller suppliers. With that said, we re-iterate this is a relatively new question and therefore lack historical data to be able to develop a relationship between this question and future comprehensive Casino Owned performance.

In the tables to the right we provide a ranking of the top performing Casino Owned games by game and supplier. Note, games below the Top 30 with one or two votes are included in the individual game votes, but are not broken out in the summary table. In addition, vendors with less than 2 votes are included in the total vendor Votes, but not broken out in the summary table.

Top Performing New "For Sale" Games - 3Q17			
No.	Supplier / Game	No.	Supplier / Game
1	SciGames / Dancing Drums	16	SciGames / Quick Hits Triple Blazing 7's
2	SciGames / Lock It Link - Diamonds	17	IGT / Golden Egypt
3	Aristocrat / Wonder 4	18	IGT / Lobstermania 3
4	SciGames / 88 fortune (Duo Fu Duo C	19	Everi (MGAM) / Black Diamond
5	Aristocrat / Buffalo Gold	20	SciGames / Wonder Woman
6	SciGames / Heidi's Bierhaus	21	SciGames / Monopoly
7	IGT / Ocean Magic	22	Incredible Technologies / Crazy Money 2
8	AGS / Fu Nan Fu Nu	23	Aristocrat / 5 Dragons
9	AGS / River Dragons	24	IGT / Double Gold
10	Aristocrat / Mighty Cash: Dragon Flies	25	Aristocrat / Golden Zodiac
11	Konami / Ca Lai Si Li (Power Riches,	26	Ainsworth / Multi Win 7
12	Konami / Selexion Multi-Game	27	SciGames / Quick Hits Playboy MD
13	Konami / Sparkling Roses	28	Novomatic / Gaminator
14	IGT / Wild Fury	29	Incredible Technologies / Money Roll
15	AGS / Jade Wins	30	IGT / King of Macedonia

Source: EILERS-FANTINI Quarterly Slot Survey

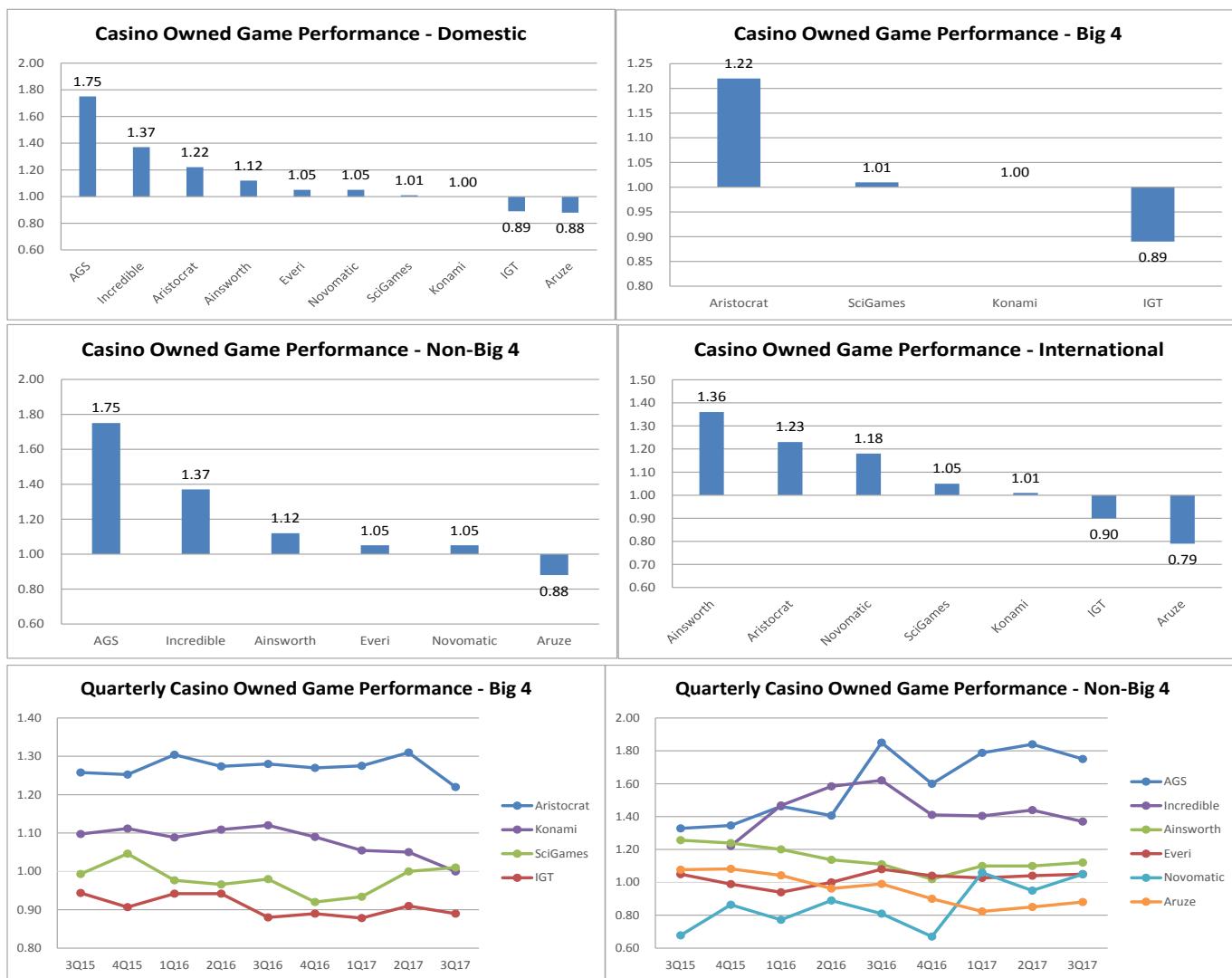
**Question 13 – Please indicate how each vendor's CASINO-OWNED games perform relative to the house average for CASINO OWNED games on a net win basis during the 3Q CY17 period.**

In an attempt to get a broader perspective of game performance for a supplier's comprehensive line of Casino Owned games, we asked Operators to provide a measure of performance for the respective Supplier's portfolio of Casino Owned games relative to the house average. For the larger suppliers, Aristocrat games performed an average of ~1.22x house average (i.e. +22% above house average), SciGames indexed at 1.01x house and Konami indexed at 1.0x house or even with the floor average. Conversely, IGT games under-performed house average at 0.89x house average (i.e. -1% below house average).

SciGames' results are ~+4% pts above its trailing twelve month average (ttm) while IGT's results are in-line with its ttm average. However, we note Konami and Aristocrat's games indexed ~-8%pts and ~-6% pts below the prior trailing twelve month averages, respectively. We note the scores for the larger suppliers may be affected negatively due to the company's percentage of older, potentially poorer performing games on casino floors. Therefore, in drawing meaning from the data, it is important to view the results relative to companies of similar size and floor share.

Among the Non-Big 4 vendors, AGS and Incredible Technologies had the highest performing portfolio of Casino Owned games this quarter with reported average performances of 1.75x and 1.37x house average (75% and 37% above house average), respectively. We note Incredible Technologies' results were lower than its previous ttm average while AGS's results were relatively consistent with the prior few quarters' results. With respect to the other Non-Big 4 suppliers, relative performance remains fairly consistent. As for International participants, Ainsworth received the highest game index scores this quarter followed by Aristocrat and Novomatic.

In the graphs below we provide the average reported score by supplier in the Domestic and International markets. For the Domestic market, we have separated the information into two groups for a more relevant comparison.



Source: EILERS & KREJCIK-FANTINI Quarterly Slot Survey

Source: EILERS & KREJCIK-FANTINI Quarterly Slot Survey

### 13. Top Performing Premium Leased Games

#### Question 14 – What were your Top 3 performing Premium LEASED games in 3Q CY17 on a Net Win basis?

According to our survey participants the Top 3 Premium Leased games for the qtr were: 1) Aristocrat's *Lightning Link*, 2) Aristocrat's *Buffalo Grand*, and 3) IGT's *Wheel of Fortune*.

Aristocrat's *Lightning Link* continues to be the strongest performing game in the industry, as reported by our survey respondents, with vote share increasing marginally to ~28% of total votes for top performing game in the quarter. As mentioned in prior surveys, this is record growth and historically strong performance for a Premium Leased game; performance that has only been matched by IGT's *Wheel of Fortune*, the most successful slot franchise in history.

For the remainder of the top 3, Aristocrat's *Buffalo Grand* premium leased, a large format *Buffalo* series game on the Arc platform, received the second most votes with vote share increasing +3% pts q/q to ~12%. IGT's old-reliable *Wheel of Fortune* games were the third strongest performer but ceded ~2% pts q/q in vote share to ~9%.

There were also some notable changes in vote share for the quarter. AGS's *Colossal Diamonds* on the Big Red cabinet, a large-format classic-looking video slot, gained +2% pts q/q to ~4% vote share and continues to be a strong performer after over two years in the market. Additionally, SciGames' *Dragon Spin*, Aristocrat's *5 Dragons* and IGT's *Sphinx 3D* each gained over +1% pts q/q to ~1-2% share for each respectively.

On the other end, while IGT's *Wheel of Fortune* remains a top performer, the game lost the most ground in the quarter declining -2% pts in vote share to ~9%. This is a similar case with SciGames' *Willy Wonka: World of Wonka* on the highly anticipated Gamescape platform in which it was a strong performing game (4<sup>th</sup> in the ranking) but vote share declined slightly by -1% pt q/q. However, we note the second Gamescape title *Simpsons* is currently being rolled out and we anticipate the game's performance will be similar to that of *Wonka*. Finally, in comparing licensed to proprietary top performing titles, roughly ~40% of the top 10 and top 30 titles featured 3<sup>rd</sup> party licensed content in 3Q17, which was in-line with the prior period.

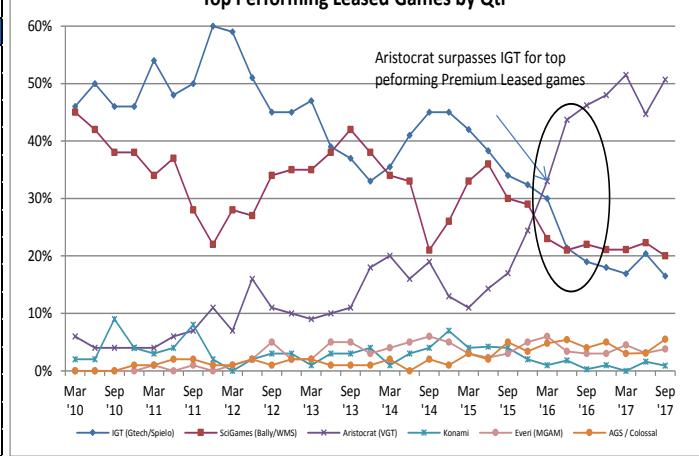
In the table below we highlight top performing game rankings according to our quarterly survey. Rankings are based on the number of times a game is cited. Note, we do not break out games with only a single vote, but they are included in our total number and included in our total vendor count. In addition to individual game rankings, we also provide a ranking by supplier based on the total number of Top 1-3 votes for all games. We believe this ranking reflects which suppliers have the best overall premium leased portfolio and is a good indicator of relative yield per day for the suppliers. Note, current qtr and historical figures were adjusted to combined IGT/GTECH and SciGames/WMS/Bally/SHFL.

Top Performing "Premium Lease" Game Rankings - 3Q17

No.	Supplier / Game	No.	Supplier / Game
1	Aristocrat / Lightning Link	16	Aristocrat / Good Fortune (5 Dragons)
2	Aristocrat / Buffalo Grand	17	IGT / Sphinx 3D
3	IGT / Wheel of Fortune	18	SciGames / Dancing Drums
4	SciGames / Willy Wonka: World c	19	Everi / Mega Meltdow n
5	AGS / Colossal Diamonds	20	Aristocrat / Buffalo Gold
6	SciGames / Duo Fu Duo Cai (88 F	21	Aristocrat / Sharknado
7	Aristocrat / The Walking Dead II	22	IGT / Double Top Dollar
8	SciGames / Monopoly	23	Aristocrat / Buffalo Stampede
9	SciGames / Dragon Spin	24	Aristocrat / Zorro
10	Incredible Technologies / Crazy M	25	IGT / Zuma
11	SciGames / Elvis Shake Rattling F	26	SciGames / Tree of Wealth
12	IGT / Megabucks	27	SciGames / Green Machine
13	SciGames / Quick Hits Cash Whe	28	Aristocrat / Polar High Roller
14	SciGames / Lock it Link	29	Merkur Gaming / Multigame
15	Everi / Super Jackpot (Wild Gems	30	SciGames / Simpsons

Source: EILERS-FANTINI Quarterly Slot Survey

Top Performing Leased Games by Qtr



Source: EILERS-FANTINI Quarterly Slot Survey

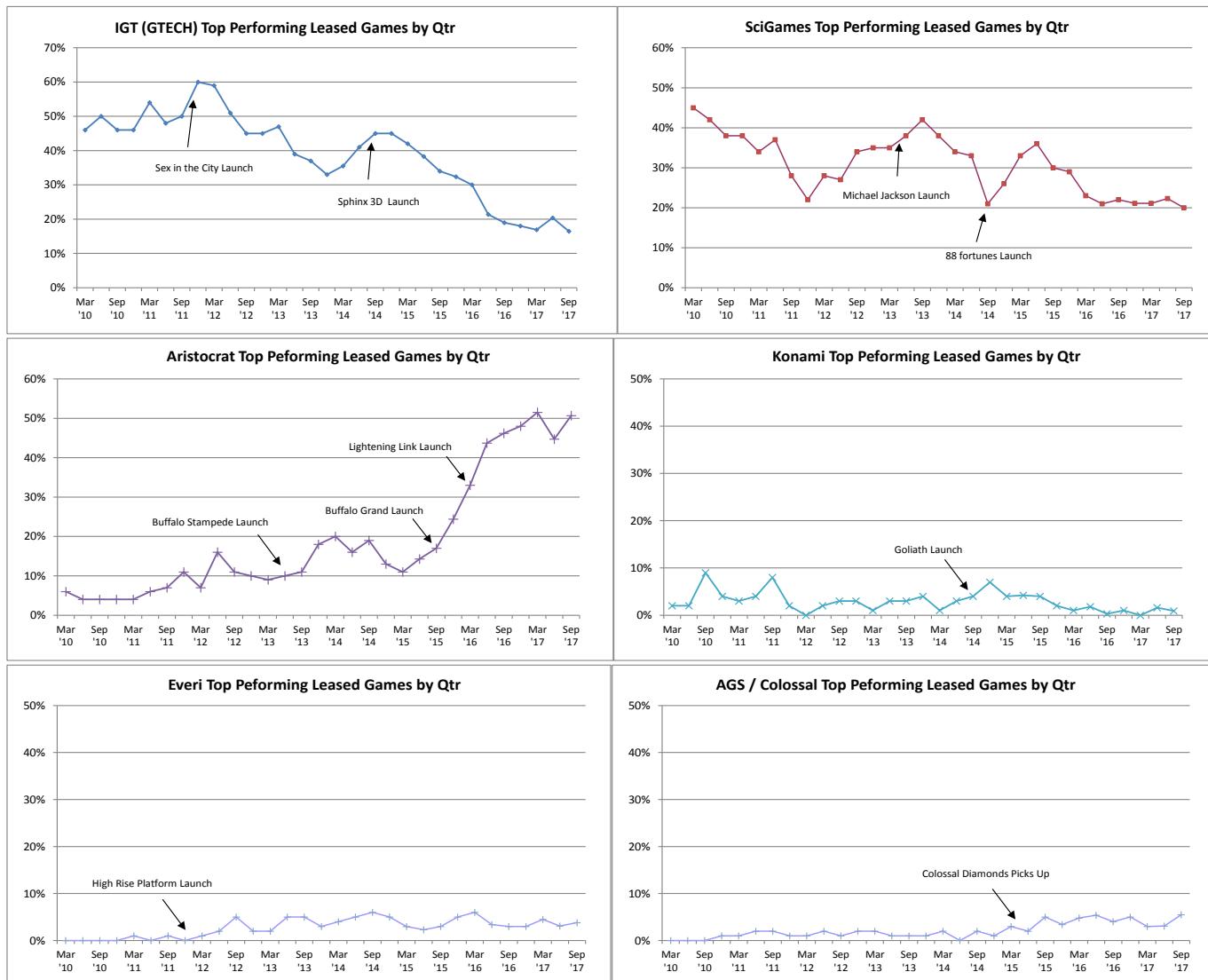
Aristocrat was the leading provider of Top Performing Leased games this quarter earning ~51% vote share driven primarily by proprietary titles with support from licensed content. After a period in which vote share for Top Performing Premium Leased Aristocrat content declined by ~7% pts, the company's portfolio of premium games regained much of the lost ground. Vote share was driven primarily by the overwhelming success of *Lightning Link*, which received nearly 30% of total votes, and supported by the two large format *Buffalo* series games. With respect to licensed content, Aristocrat's top titles, *The Walking Dead II*, *Sharknado*, and *Game of Thrones*, received a cumulative ~3% share of total votes which was flat sequentially.

SciGames (Bally/WMS) followed Aristocrat with ~20% vote share for Top Performing Leased Games, which was a -2% pt decline in vote share sequentially. Performance was driven by the company's combined strength of new licensed as well as Asian-themed titles, although vote share among these top performing games declined marginally. SciGames' top 3 games, *World of Wonka*, *88 Fortunes/Duo Fu Duo Cai*, and *Monopoly*, combined for 10% of total vote share but represented a cumulative sequential decline of ~-2.5% pts. However, as mentioned above, we look for games additional releases SciGames' Gamescape platform, such as *Simpsons*, to provide further near-term opportunity for growth in this category. Furthermore, we note the upcoming *James Bond* releases, seem to have been received well at G2E and may support Premium Leased performance in the next year.

IGT had the third strongest portfolio of top games with ~17% share of total votes, which represented a sequential decrease of ~-4% pts and resumed the declining trend following vote share growth in the prior period. The decline was driven primarily by a decline in vote share among historically popular IGT titles such as *Wheel of Fortune*, *Megabucks*, *Top Dollar* and various poker titles. Additionally, increased competition from suppliers such as Aristocrat with releases like *Lightning Link* serves as an explanation for much of the decline. However, we note operators seem to be excited about the upcoming release of 4D titles which may help stabilize IGT's performance in this segment over the next year.

AGS surprisingly rose to the 4<sup>th</sup> position in Top Performing Leased Games this quarter, with vote share increasing +2% pts q/q to ~6% led by growth for *Colossal Diamonds* on the over-sized Big Red platform. Everi saw moderate growth in the quarter and earned ~4% vote share led by performance of its *Super Jackpot* series, a premium leased mechanical reel set of linked-progressive games. Finally, Incredible Technologies and Konami followed Everi with ~1% vote share for each respectively.

### Individual Supplier Trends for Top Performing Premium Leased Games



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

**Question 15 – Please indicate how each vendor's PREMIUM LEASED games perform relative to the house average for PREMIUM LEASED games on a net win basis during the 3Q CY17 period.**

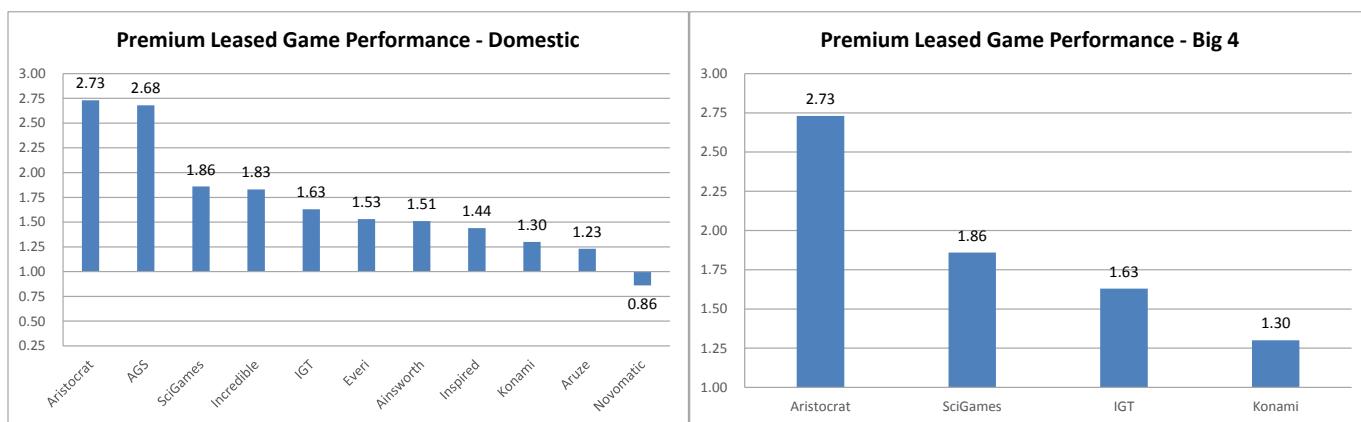
As with the Casino Owned games, we are aiming to gather a figure that more accurately reflects each supplier's entire portfolio of Premium Leased games, other than just the top performers. Again, we asked our participants to provide a measure of performance for each supplier's comprehensive set of Premium Leased games in relation to the floor average for Premium Leased games.

With respect to the largest suppliers, Aristocrat again had the highest average performing Premium Leased game portfolio with games reportedly performing 2.73x house average for premium leased games. SciGames and IGT followed with 1.86x and 1.63x house average, respectively. Finally, Konami rounds out the Big-4 suppliers with Premium leased games performing at 1.3x house average. The relative performance within the Big-4 was unchanged this quarter versus the previous quarter.

Outside of the Big-4, AGS had the strongest performing portfolio of Premium Leased Games reportedly earning 2.68x house average followed by Incredible Technologies and then Everi. AGS returns to the leading position over Incredible this quarter though ranking among the rest of the group remained unchanged within the Non Big-4.

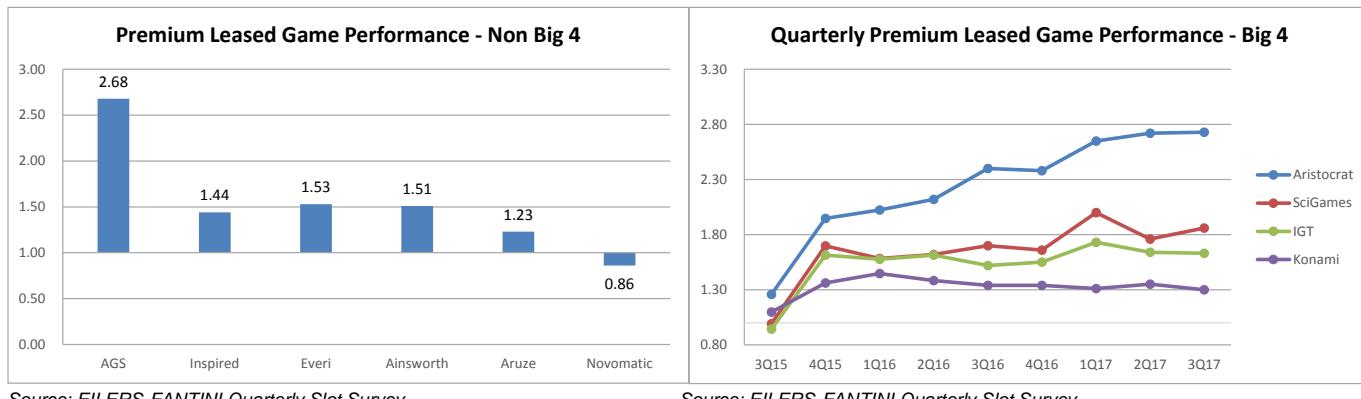
We reiterate the importance of viewing these game performance measures relative to each supplier's size and install base. The larger suppliers' averages may experience a drag due to the varying performance within the vastly larger portfolio of games and percentage share on the gaming floor.

In the graphs below we provide the average reported score by supplier in the Domestic market.



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## 14. Supplier Rank Order Based on G2E Offerings

**Question 16 – Please rank order the following gaming equipment suppliers based on the products and technology displayed at the G2E trade show this year, in your opinion.**

This year Aristocrat was once again the top supplier with respect to G2E product offerings, followed closely by SciGames. IGT ranked third while Konami and Everi Holdings rounded out the top 5. Compared with the prior year, Aristocrat's average rank score came back somewhat and SciGames overtook IGT to take the second position. Outside of the top three, AGS and Incredible Technologies have made marked improvements in the average rankings. This is likely due to both suppliers' increasing product offerings over the last few years along with overall improved performance.

G2E Ranking - 2017		G2E Ranking - 2016		G2E Ranking - 2015		G2E Ranking - 2014		G2E Ranking - 2013		G2E Ranking - 2012	
No.	Supplier	Avg Rank	No.	Supplier	Avg Rank	No.	Supplier	Avg Rank	No.	Supplier	Avg Rank
1	Aristocrat	2.0	1	Aristocrat	1.7	1	Aristocrat	2.0	1	Bally	2.6
2	SciGames	2.6	2	IGT	2.8	2	SciGames	2.2	2	IGT	3.1
3	IGT	3.7	3	SciGames	3.1	3	IGT	3.3	3	WMS	3.7
4	Konami	5.1	4	Konami	4.2	4	Konami	4.5	4	IGT	4.5
5	Everi	5.6	5	Ainsworth	6.7	5	Everi	5.8	5	Konami	5.4
6	AGS	6.6	6	Everi	6.7	6	Ainsworth	5.9	6	GTECH	6.0
7	Incredible Tech	6.6	7	Aruze	7.4	7	Aruze	6.1	7	Multimedia	6.6
8	Ainsworth	6.7	8	AGS	7.4	8	Incredible Tech	7.9	8	Aruze	7.4
9	Aruze	7.1	9	Incredible	6.9	9	AGS	8.0	9	Ainsworth	8.1
10	Novomatic	9.0	10	Novomatic	9.1	10	Novomatic	8.8	10	AGS	10.1
11	Inspired	11.0	11	Inspired	10.8	11	Inspired	10.8	11	VGT	11.3
n/a		n/a			n/a				12	Cadillac Jack	11.8
n/a		n/a			n/a				13	Incredible Tech	12.0
n/a		n/a			n/a				14	Novomatic	12.7
									14	Rocket	13.4
									14	Rocket	13.7

Source: EILERS-FANTINI Quarterly Slot Survey

## 15. Most Anticipated Premium Leased Games following G2E

**Question 17 – In your opinion, what is the most anticipated premium leased game that was on display at the G2E show this year that has not been released to the market?**

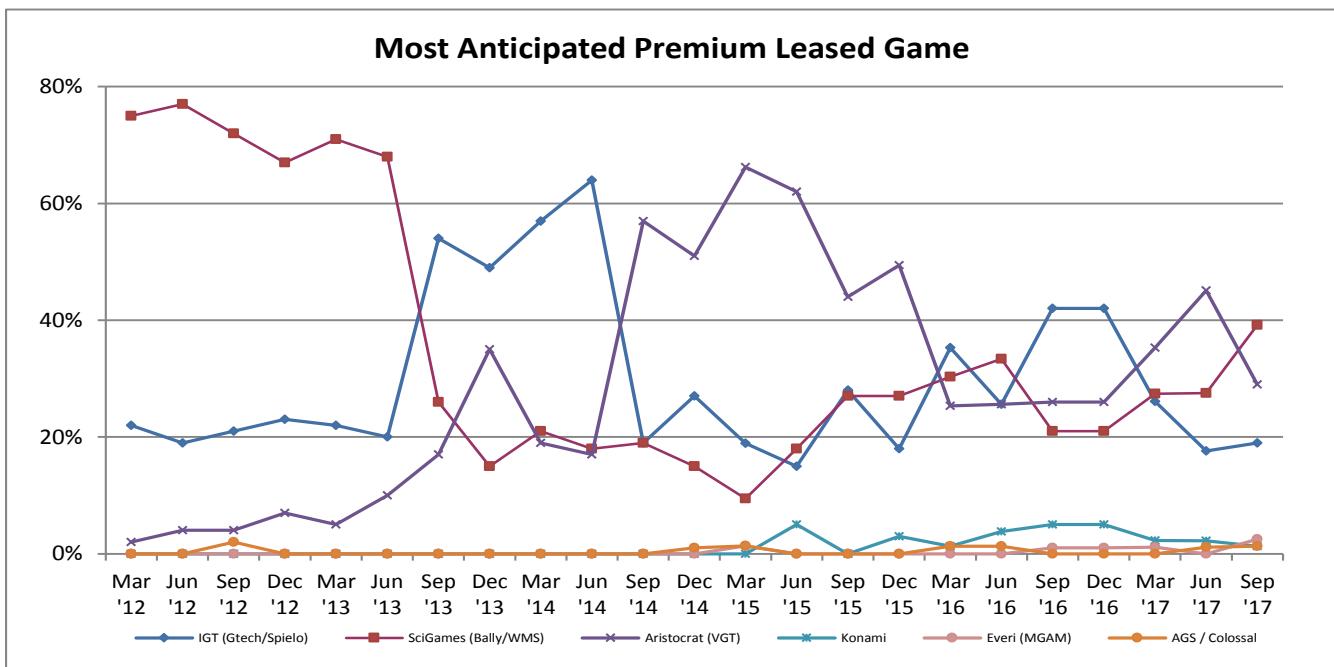
SciGames has the most anticipated lineup of Premium leased games following G2E. In total, SciGames titles received 39% of the total survey votes. Survey respondents most eagerly anticipate SciGames' *James Bond* licensed releases. We note SciGames had an aggressive license launch with the vaunted brand that included three separate titles on three new cabinet form factors, including a modified Gamescape cabinet and a hybrid mechanical reel/video cabinet. There were also a few votes casted for SciGames' upcoming releases of other Gamescape titles such as *Seinfeld* and *Simpsons*.

Aristocrat received the 2<sup>nd</sup> most votes for the industry's most anticipated lineup of games following F2E at 29% share. *Dragon Link*, a high-denom premium leased follow-up to *Lightning Link*, drove most of the votes for Aristocrat. Operators also casted votes for Buffalo titles on the new large-format mechanical-reel cabinet Relm XL.

No.	Supplier	Game	3Q17	% of total
1	SciGames	James Bond	24	30%
2	IGT	4D Titles	15	19%
3	Aristocrat	Dragon Link	14	18%
4	Aristocrat	Buffalo Inferno Relm XL Mech V	5	6%
5	Ainsworth	Pac-Man	2	3%
6	SciGames	Ultimate Fire Link	2	3%
7	Everi	Shark Week	2	3%
8	SciGames	The Simpsons	1	1%
9	Aristocrat	Game of Thrones	1	1%
10	SciGames	Seinfeld	1	1%
11	SciGames	World of Wonka on Gamescape	1	1%
12	SciGames	Monopoly	1	1%
13	AGS	Colossal Diamonds	1	1%
14	Gamblit Gaming	Skill-Based Game	1	1%
15	SciGames	Lord of the Rings	1	1%

IGT had the third most anticipated portfolio of content with 19% share of total votes. All IGT votes were casted for various 4D titles including *Sphinx*, *Ghostbusters*, and *Wheel of Fortune*. Cumulatively, IGT's upcoming 4D titles were the second most anticipated games following this year's G2E. *Sphinx 4D* was introduced at G2E 2016, but the company has refined the product over the past year and added a few titles for release over the next year. We note the 4<sup>th</sup> dimension involves air-haptic (air jet) technology that interacts with the game and player hand movements to provide a more immersive experience. Ainsworth and Everi follow IGT with Ainsworth's *Pac-Man* and Everi's *Shark Week*.

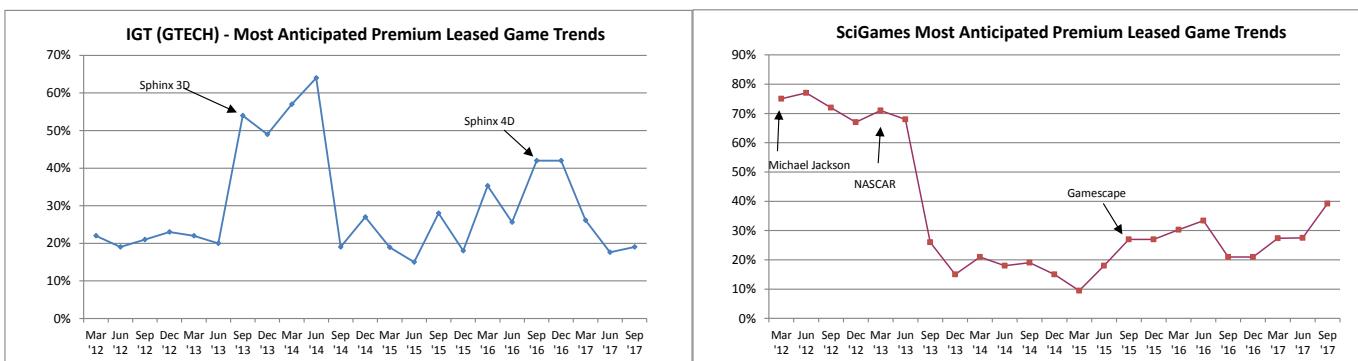
In the table to the right we highlight individual game rankings while the chart below highlights vendor rankings by quarter.



Source: EILERS-FANTINI Slot Survey

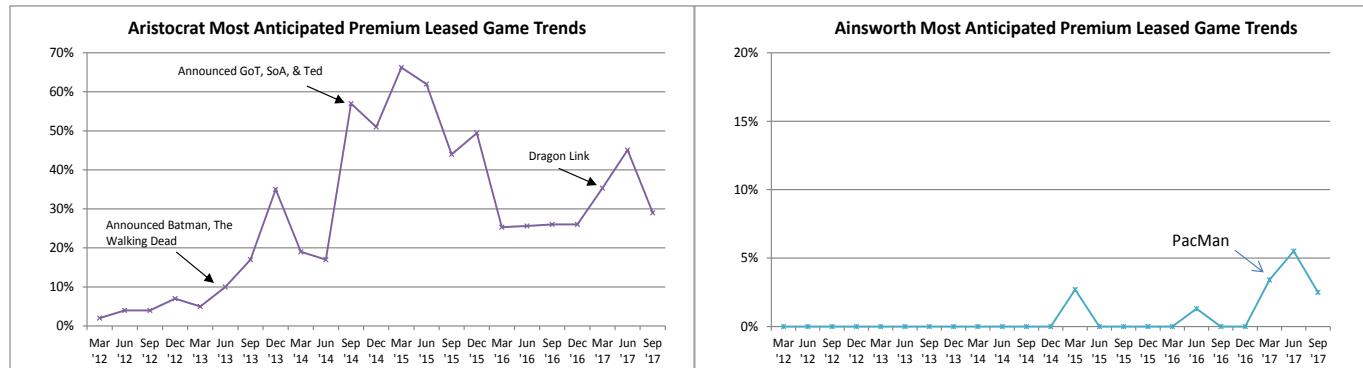
### Individual Supplier Trends for Most Anticipated Games

Note, IGT current qtr and historical figures include GTECH/Spiel and SciGames includes WMS and Bally.



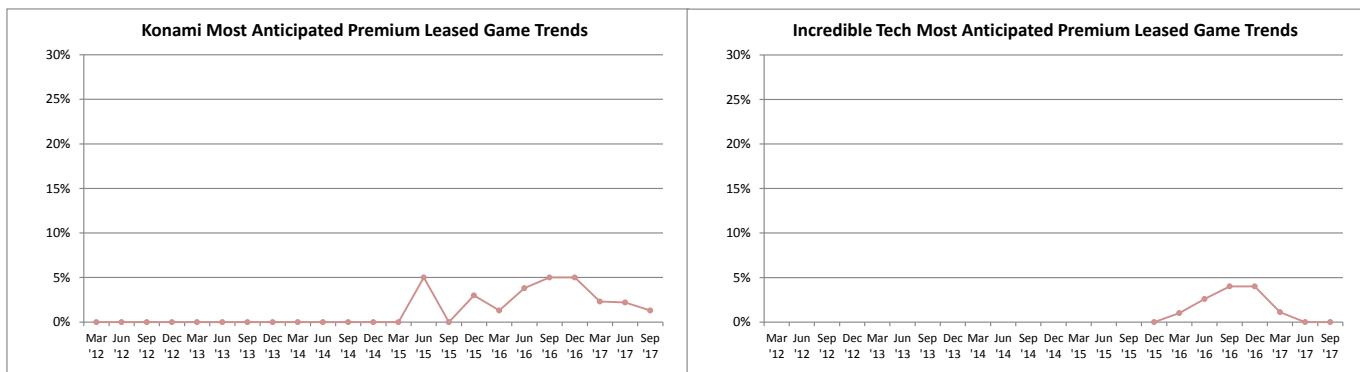
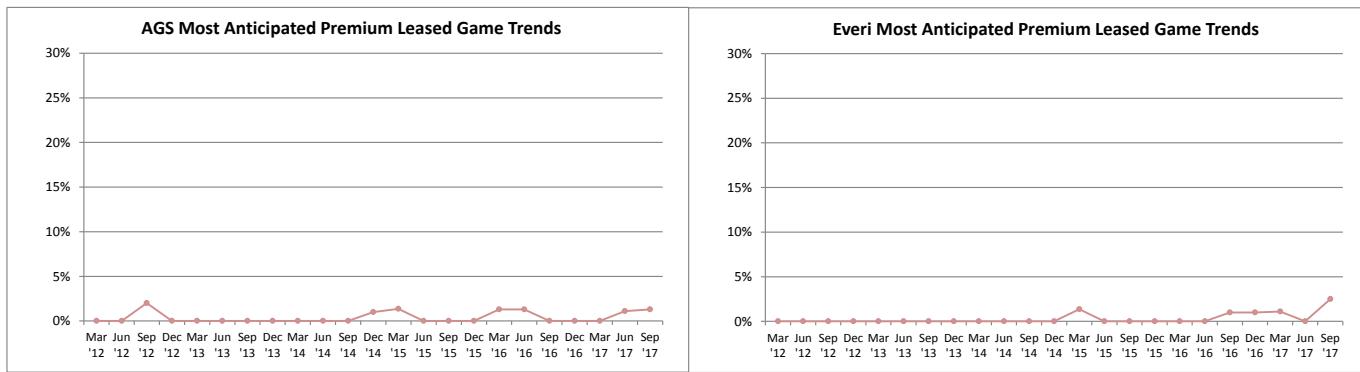
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey



## 16. Best G2E Technology

**Question 18 –In your opinion, what was the most innovative piece of technology on display at the Global Gaming Expo (G2E) outside of traditional game content?**

This year at G2E, IGT seems to have drawn the most attention for new technology. IGT's 4D and its accompanying new titles were voted the most innovated new technology by our respondents following G2E.

As stated above, the cabinet was introduced a year ago with a single title, but required more time to develop and will be available for market release soon with additional titles. Additionally, IGT's eye-tracking *Powersight* technology featured on the upcoming new *Sex and the City* release was voted the 2<sup>nd</sup> most innovative piece of technology.

The cabinet has the ability to follow eye movement and can allow the player to interact with the game by looking at certain symbols on the screen.

Outside of enhanced interactive elements to traditional slot machines, skill-based game offerings from GameCo, Gamblit, Konami, and IGT were also voted as notable gaming innovations in the show.

Furthermore, the merger of social/interactive and casino experiences were mentioned a few times. Finally, cashless or mobile wallet technology offered by various suppliers was another common theme our survey respondents thought was an innovative at G2E this year. In the table to the right we provide a summary of all participant responses.

Source: EILERS-FANTINI Slot Survey

**Best Gaming Technology at G2E 2017**

No.	Supplier	Technology	Votes
1	IGT	4D & Powersight Eye Tracking Technology	23
2	Aruze	LCD Craps & Omni LED table games	5
3	IGT	Cardless Connect	3
4	SGMS	Sofa Gaming	3
5	Gamblit	Skill-based Games	2
6	GameCo	Skill-based Games	2
7	Konami	Beat Squared	2
8	SGMS	Monopoly Roulette	2
9	Aruze	Coin Flip Game	1
10	Casino Science	Slot Analysis	1
11	Comp Interactive	Running Riches	1
12	Everi	Bet 2.0	1
13	Everi	Cashless Tech	1
14	Everi	New Overhead	1
15	Gamblit	Bartop Skill-Based Games	1
16	Gamblit	Pac-Man	1
17	GameCo	Bartop Skill-Based Games	1
18	IGT	Fortune of the Brave	1
19	IGT	Racing	1
20	IGT	Skill-Based Games	1
21	Interblock	Individual eTable Play-Stations	1
22	JCM	Cashless Technology	1
23	JCM	Pixel Pro	1
24	n/a	Mobile Wallet / Cashless Tech	1
25	Nanoptix	Paycheck NextGen	1
26	SGMS	Cashless Tech	1
27	SGMS	Configuration Tools	1
28	Sharktrap	Card Shuffler	1
29	n/a	Social Gaming Integration With Casino Floor	1
30	Synergy Blue	First Person Shooter With A 95% RTP	1

## 17. Future New Openings & Expansions

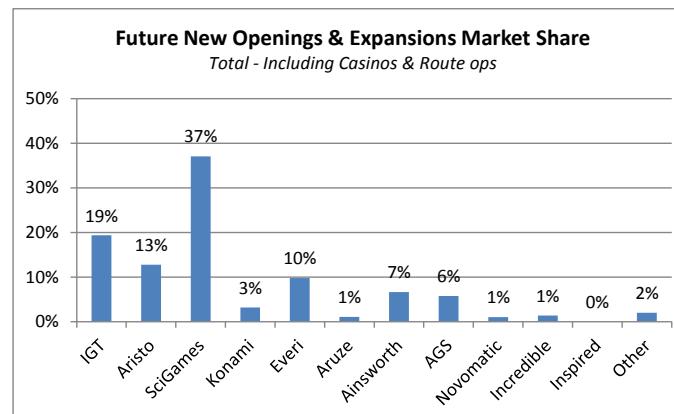
**Question 19 – If you have a new casino project or major expansion underway and planned to open over the next twelve months, please indicate how many NEW & EXPANSIONARY slot machines you plan to purchase by supplier.**

In this qtr's survey we note there were 16 North American survey participants that have new openings and / or major expansions underway and plan to install ~4,897 games in aggregate vs. 15 participants and 3,500 last qtr. Of the total games, we estimate 2,694 games would be purchased while ~2,203 games would be installed on a lease/participation basis given the survey participants unique market dynamics and business models (i.e. 100% leased VLT & Class II markets).

We also had two International participants that plan to purchase ~387 new and expansionary slots or equivalent devices over the next twelve months.

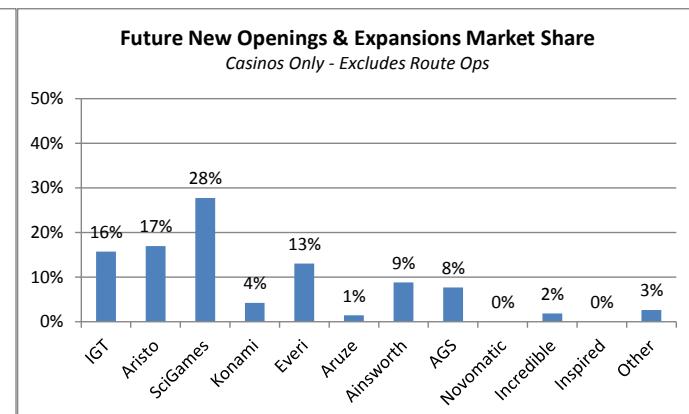
In the below charts, we provide an expected market share on games installed as part of new and expansionary projects. The chart on the left includes all casinos and route operations while the chart on the right includes only casinos while excluding route operations. Note, both charts include markets that have 100% leased VLTs and/or Class II product. Therefore, forward demand is a mix of sold product as well as lease/participation placements.

#### N. America New Openings & Expansions - Total



Source: EILERS-FANTINI Quarterly Slot Survey

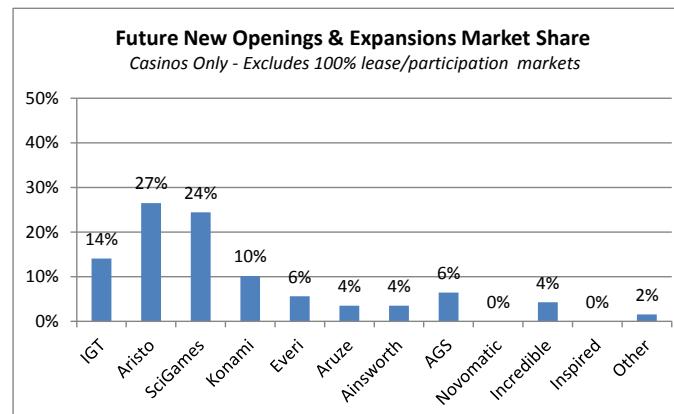
#### N. America New Openings & Expansions – Ex Route



Source: EILERS-FANTINI Quarterly Slot Survey

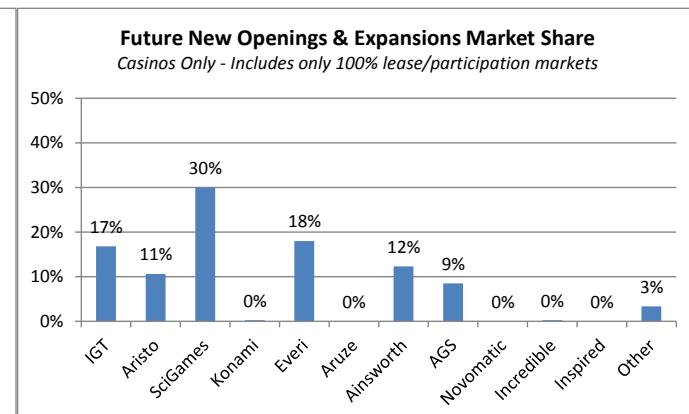
In the below charts we provide a more detailed breakdown by vendor on new casino openings excluding route operations along with segregating between markets that have 100% leased product and markets that do not. Markets that have 100% leased VLTs and Class II units should give a good sense for future Gaming Ops demand.

#### N. America New Openings & Exp – Ex 100% lease



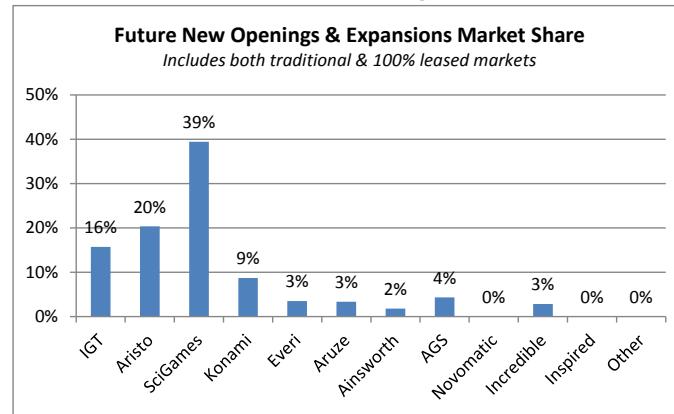
Source: EILERS-FANTINI Quarterly Slot Survey

#### N. America New Openings & Exp – Only 100% lease



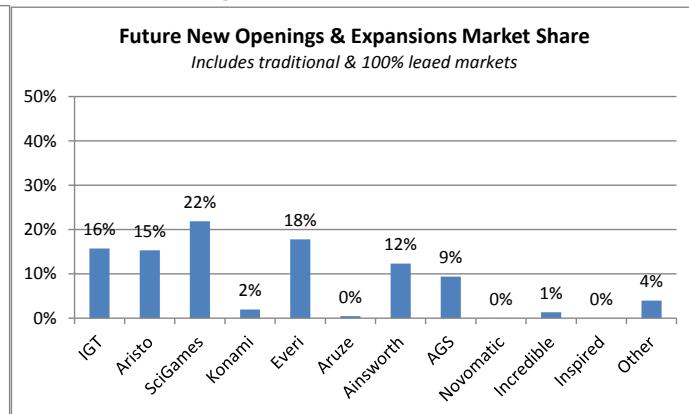
Source: EILERS-FANTINI Quarterly Slot Survey

#### Commercial Casinos – New Openings & Exp



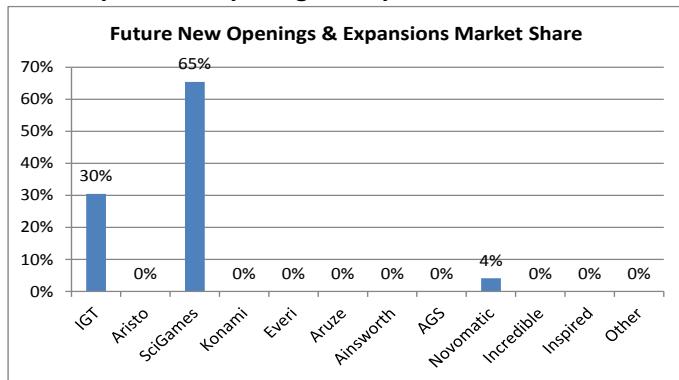
Source: EILERS-FANTINI Quarterly Slot Survey

#### Tribal New Openings & Expansions

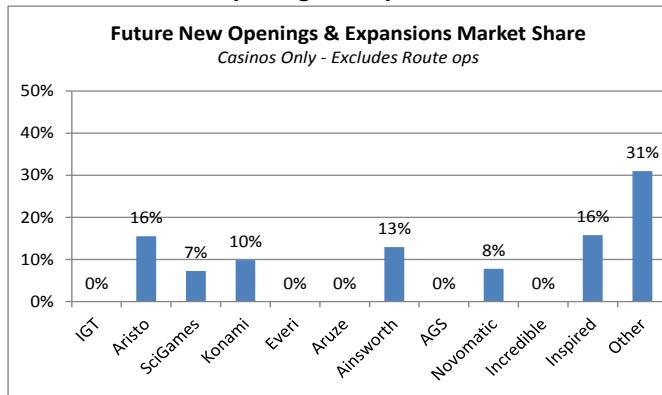


Source: EILERS-FANTINI Quarterly Slot Survey

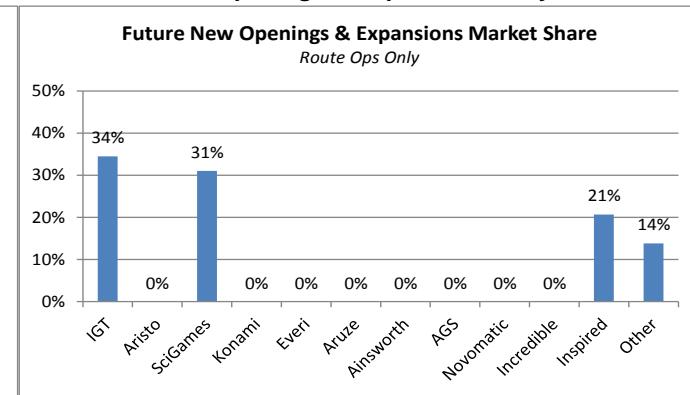
## Route Ops – New Openings &amp; Exp



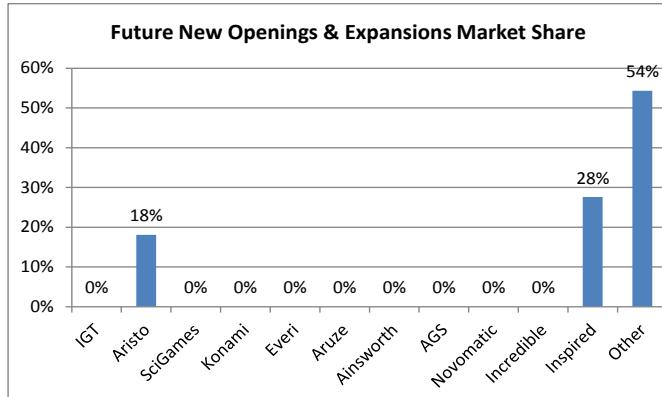
## International New Openings &amp; Exp – Ex Route



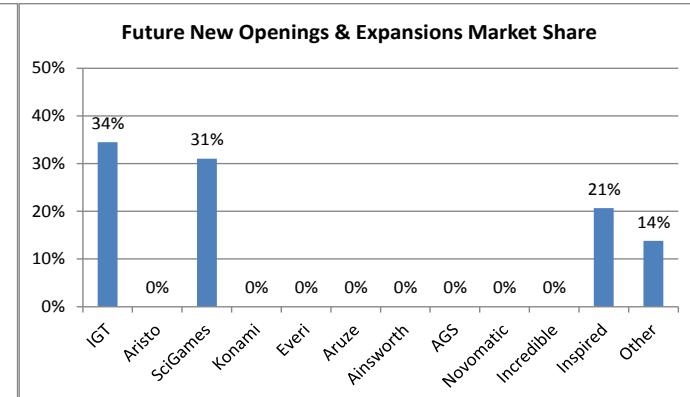
## International New Openings &amp; Exp – Route only



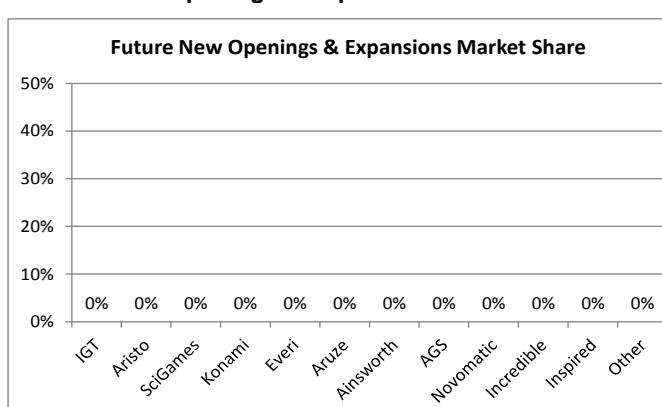
## Asia Only – New Openings &amp; Exp



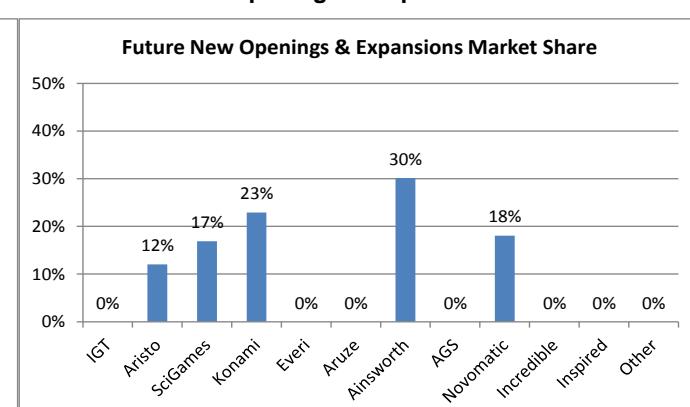
## Europe Only – New Openings &amp; Exp – Includes Route



## S. Africa New Openings &amp; Expansions



## Latin America New Openings &amp; Expansions



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## 18. Expected Forward Replacement Rate & Ship Share

**Question 20 – What % of the casino owned slot machines on your floor do you plan to replace over the next 12 months? Responses should exclude conversion kits and lease replacements.**

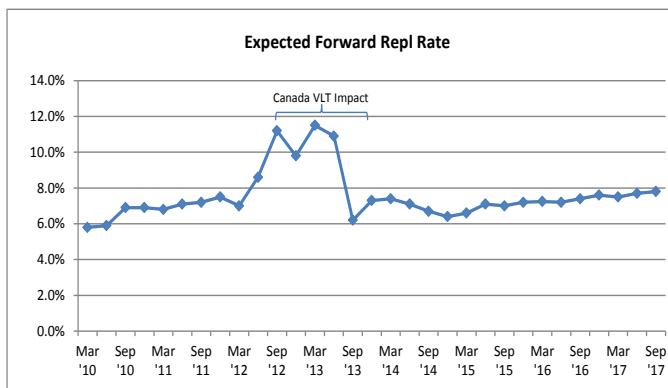
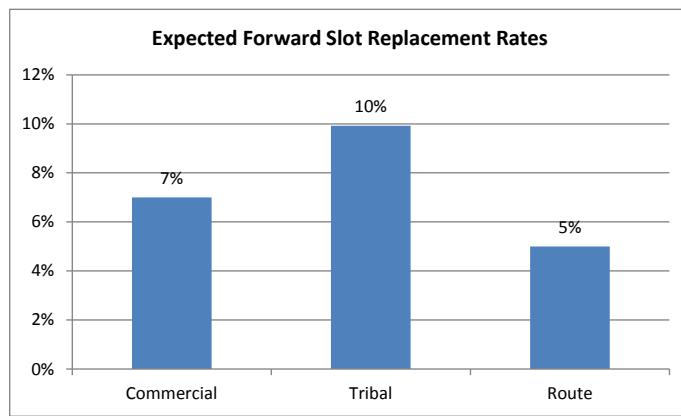
Our 123 N. America survey participants (operating 317 casinos & 377,389 slots) plan to replace an average of 7.8% of the casino owned games on their floors (8.0% ex Route) over the next 12 months. Note, both figures are slightly above our last survey and continue to increase at a moderate rate after hitting a low point in March '15.

Tribal markets have been and continue to replace games at a much higher rate than Commercial casinos. However, we note improving Commercial responses have been the key driver behind growth in the overall market as Tribal rates have remained around ~10%.

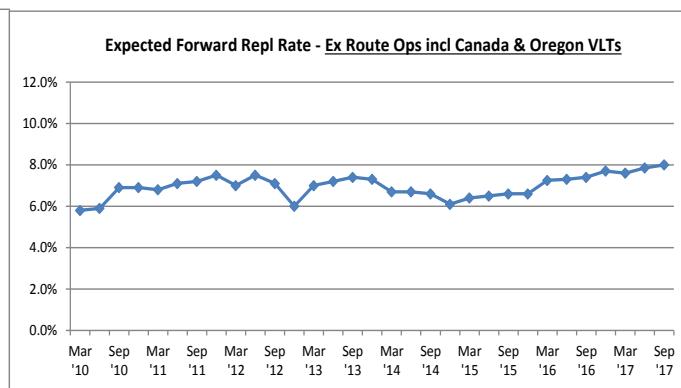
We also note that Route Ops markets have dropped considerably from previous levels as Canada and Oregon VLT replacement activity has moderated.

Our 19 international participants (operating 285 casinos & 175,208 slots) plan to replace 10.0% of the casino owned games over the next 12 months, which consistently remains above our N. America participants.

Below we highlight historical survey responses regarding N. America slot replacement rates.



Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

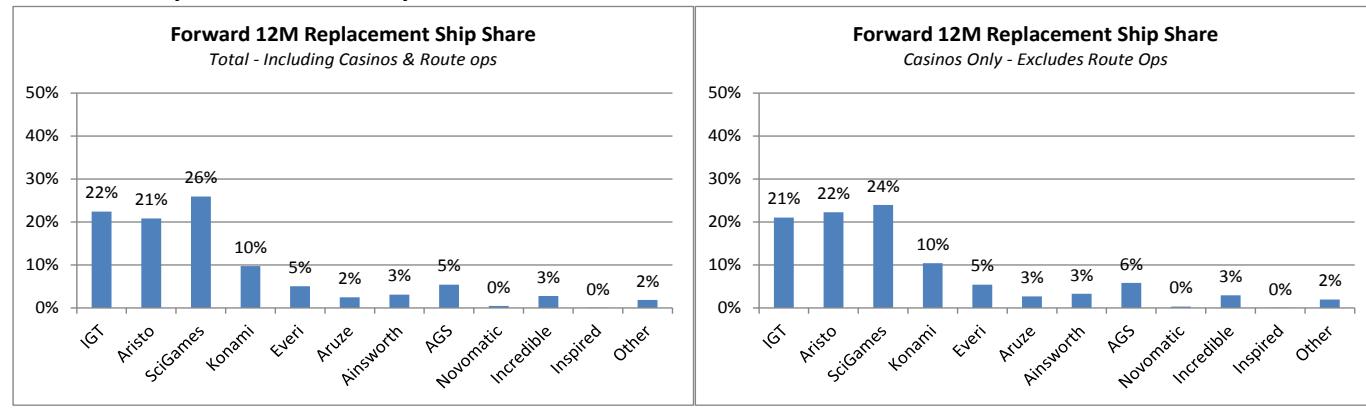
**Question 21 – For expected replacement game purchases over the next 12 months, please indicate your estimated % allocation (“Ship Share”) by equipment supplier. Please do not include conversion kits.**

This quarter SciGames is the leading supplier followed by Aristocrat with respect to casino operator forward replacement sales ship share. Our survey participants expect to allocate 25% share to SciGames followed by Aristocrat at 22%, IGT at 19%, and Konami at 11% while Non-Big 4 vendors are expected to receive 23% share.

If we exclude all Route Op markets including Canada and Oregon VLTs, as well as Illinois VGTs, SciGames maintains the highest forward expected replacement share at 25% followed by Aristocrat at 23% and IGT at 16%.

In the first chart below on the left, we show the average expected ship share for forward replacement sales based on our responses this quarter. The second chart below on the right shows the average expected ship share for forward replacement sales excluding Route Op markets (i.e. NV Route, Oregon / Canada VLTs, IL VGTs).

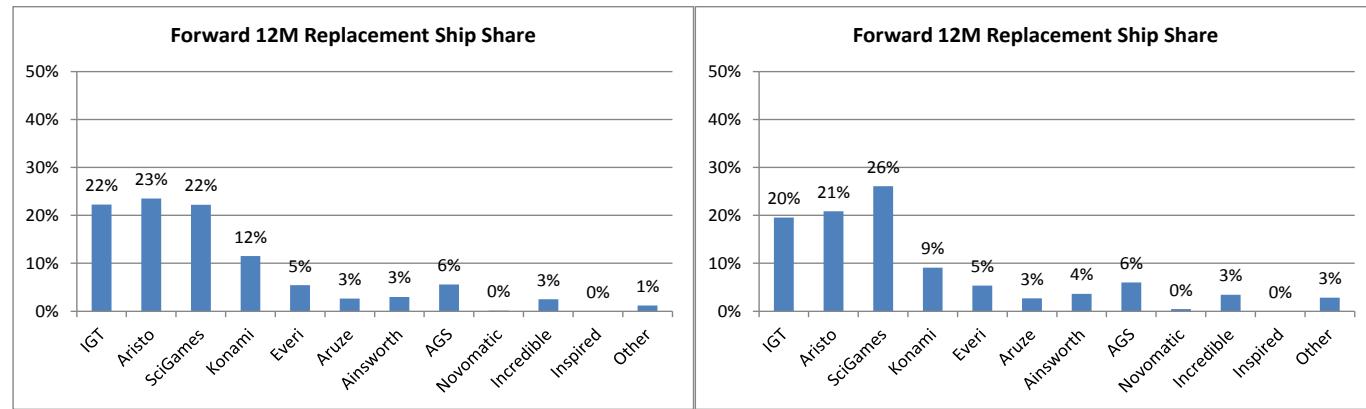
#### N. America Expected 12-Month Replacement Share



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

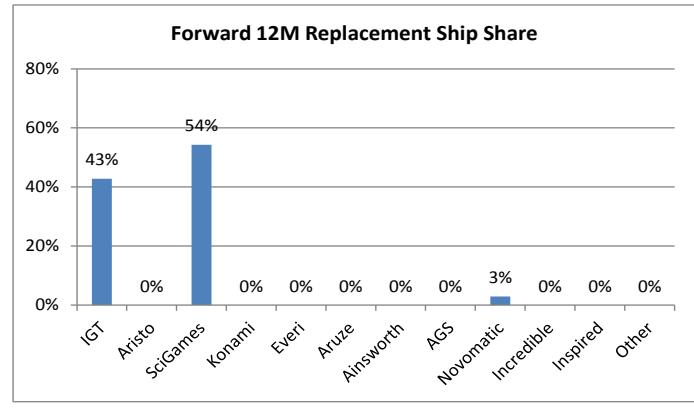
#### Commercial



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

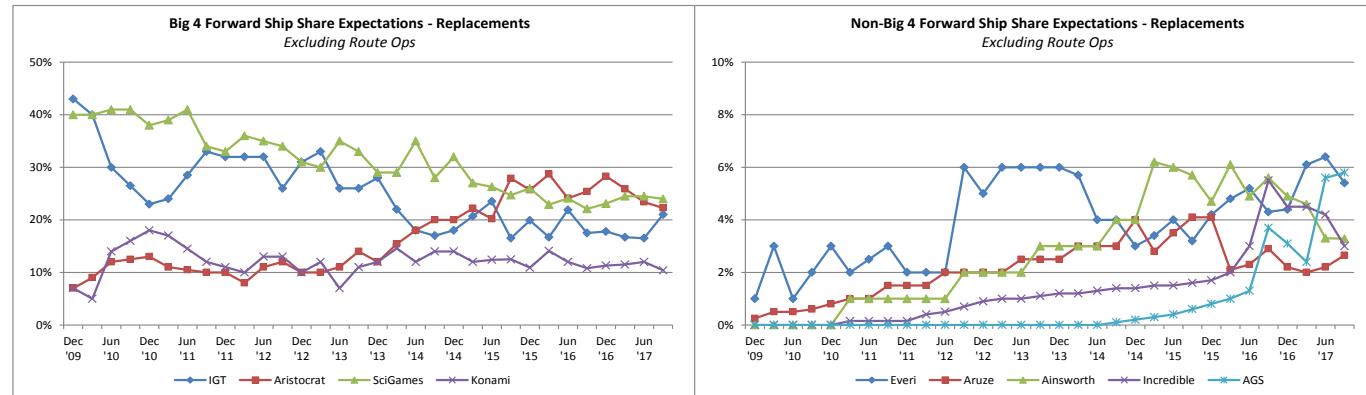
#### Route



Source: EILERS-FANTINI Quarterly Slot Survey

In the below charts we highlight the trend in our surveys for expected ship share on future replacement sales excluding Route Op markets like Canada & Oregon VLT replacements as well as Illinois VGTs. We believe this adj. number best reflects the underlying trends in the casino market. Since this is a forward looking question, this would be the best indication of future adjusted replacement sales ship share, in our opinion.

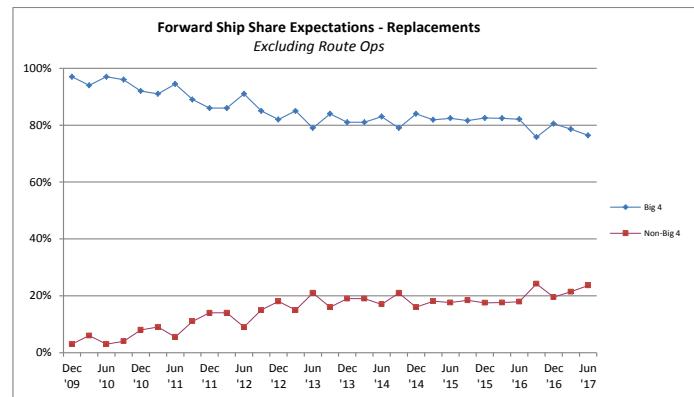
In terms of trends, despite having a relatively weak 3Q17 ship share with our survey participants, we note that IGT made a sizable gain with respect to forward ship share. We also note that despite a strong 3Q17, Aristocrat's forward replacement share continues to decline. Konami also continues to decline while SciGames has held relatively constant. As for the Non-Big 4 vendors, AGS continues to increase with respect to forward replacement share. We also noticed a bounce from Aruze after bottoming out two quarters back as new mgt has likely generated a bit more interest. Finally, we note that Everi remains strong while IT forward expectations have tailed off a bit.



Source: EILERS-FANTINI Quarterly Slot Survey

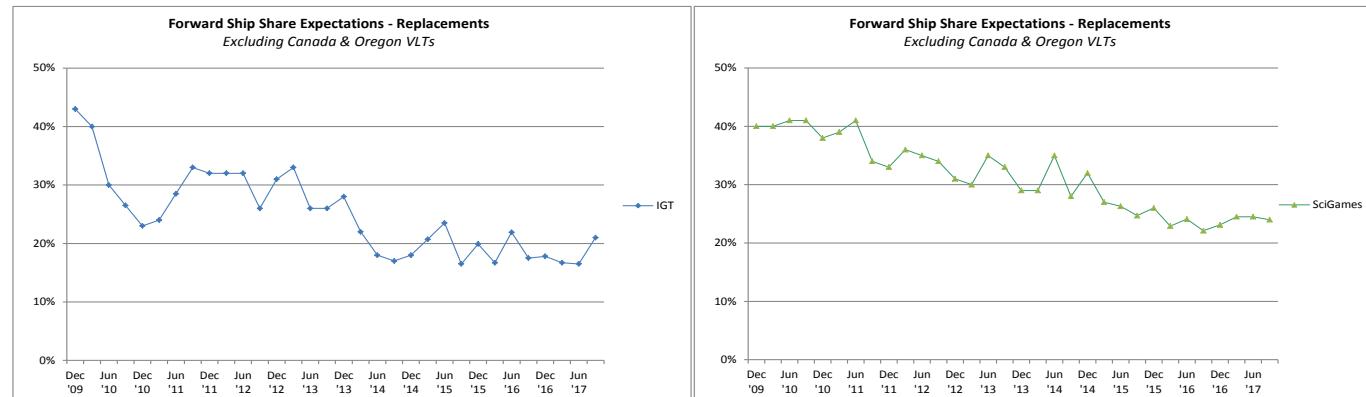
Source: EILERS-FANTINI Quarterly Slot Survey

Similar to our 3Q17 ship share, Non-Big 4 forward replacement share expectations continue to increase.



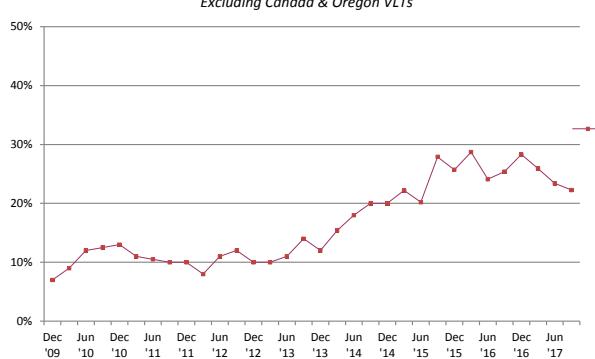
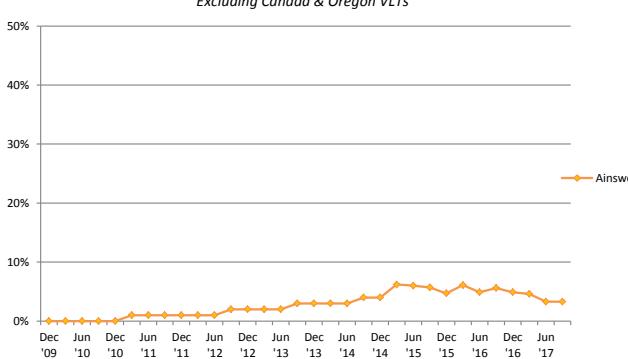
Source: EILERS-FANTINI Quarterly Slot Survey

#### Individual Supplier Trends - Forward 12-Month Replacement Ship Share – Ex Route Ops (ie. Canada & Oregon VLTs)

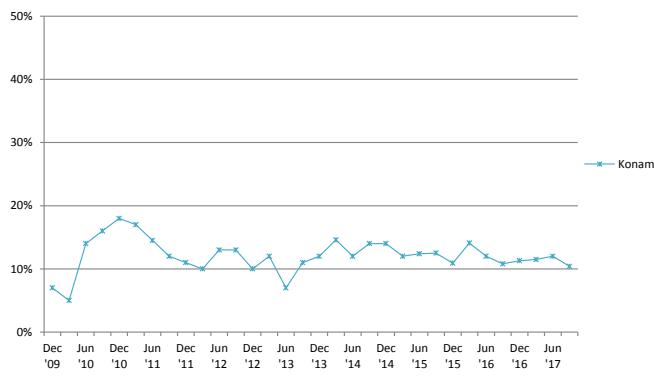
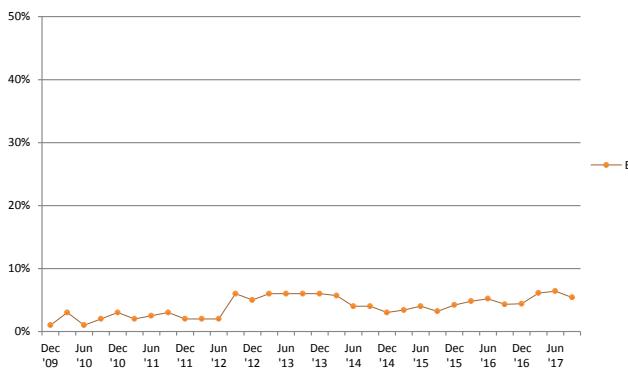


Source: EILERS-FANTINI Quarterly Slot Survey

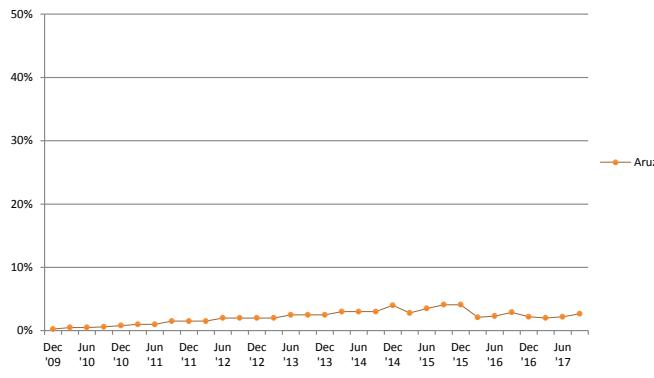
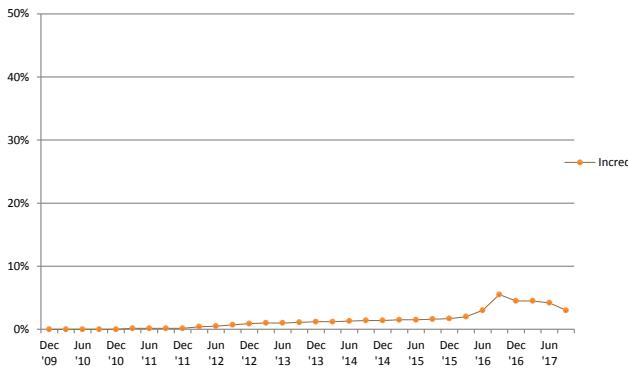
Source: EILERS-FANTINI Quarterly Slot Survey

Forward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTsForward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTs

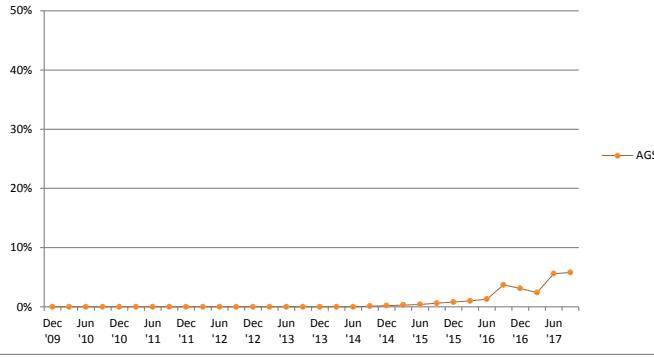
Source: EILERS-FANTINI Quarterly Slot Survey

Forward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTsForward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTs

Source: EILERS-FANTINI Quarterly Slot Survey

Forward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTsForward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTs

Source: EILERS-FANTINI Quarterly Slot Survey

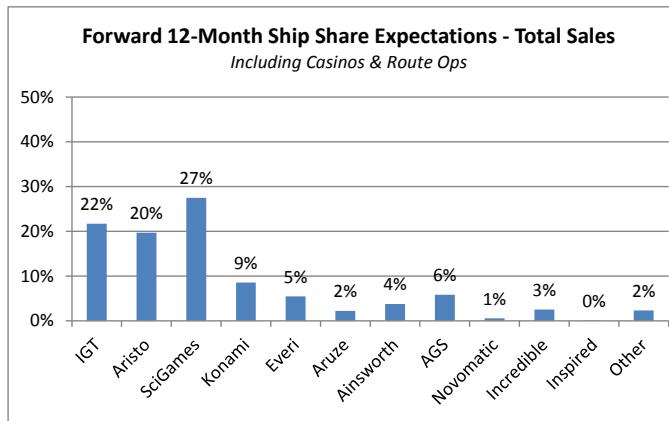
Forward Ship Share Expectations - Replacements  
Excluding Canada & Oregon VLTs

Source: EILERS-FANTINI Quarterly Slot Survey

## 19. Total Forward Demand Ship Share – Replacements & New & Expansionary

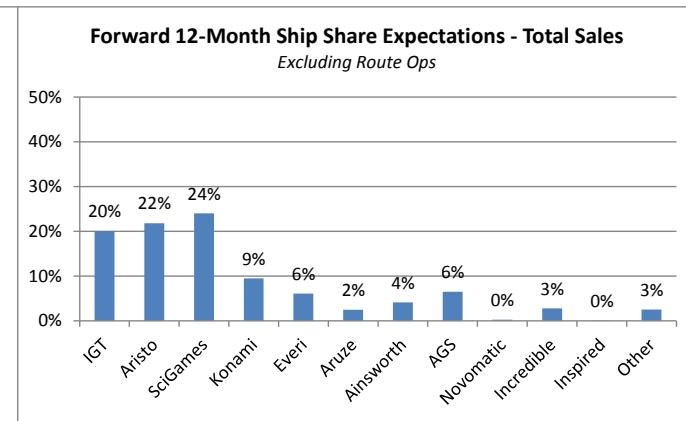
In this section we include both forward 12-month replacement expectations with planned new casino openings and expansion in an effort to arrive at an overall forward ship share projection.

### North America Total



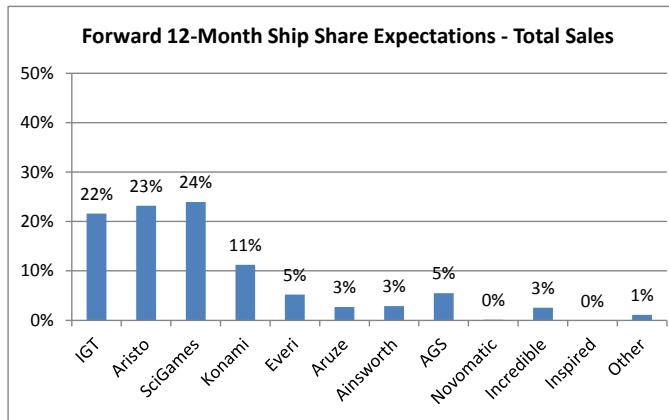
Source: EILERS-FANTINI Quarterly Slot Survey

### North America Total – Ex Route Ops



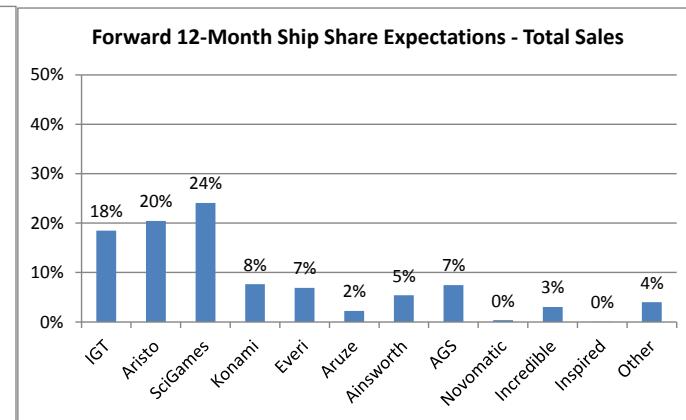
Source: EILERS-FANTINI Quarterly Slot Survey

### Commercial Total



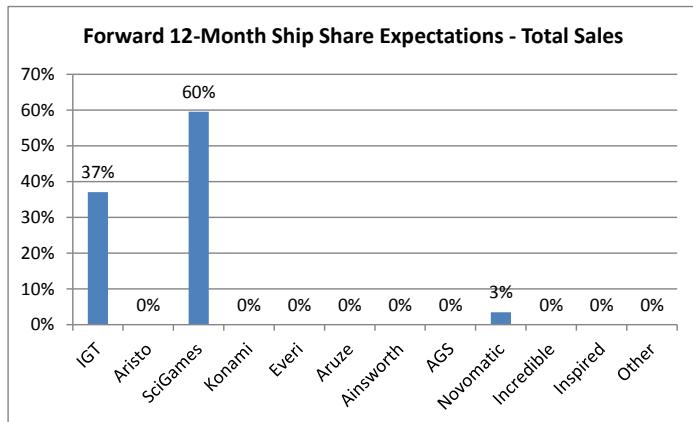
Source: EILERS-FANTINI Quarterly Slot Survey

### Tribal Total

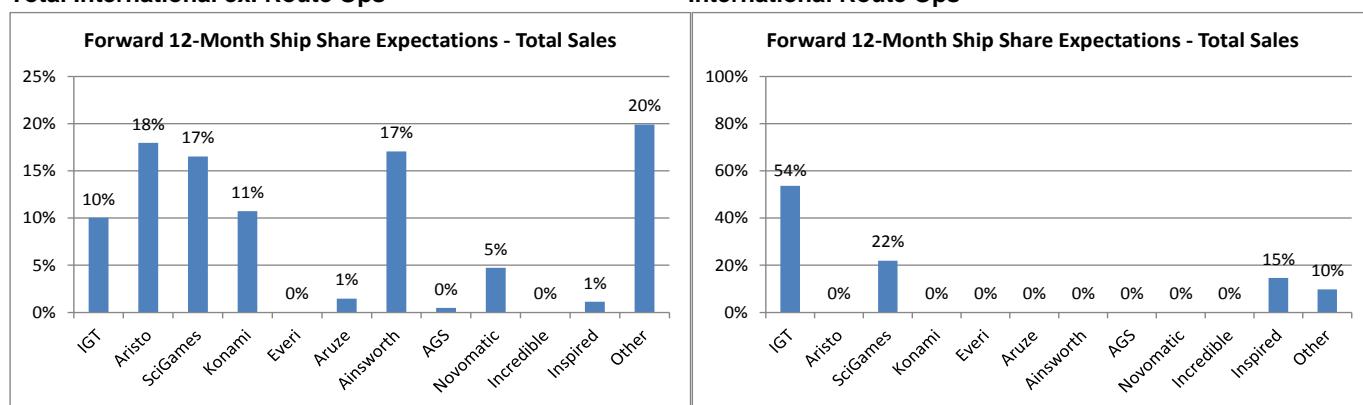
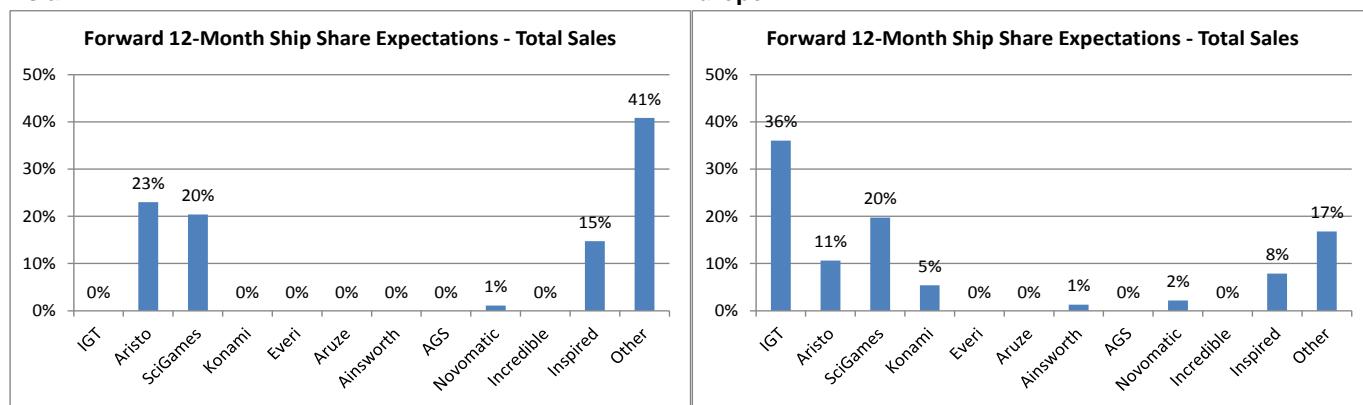
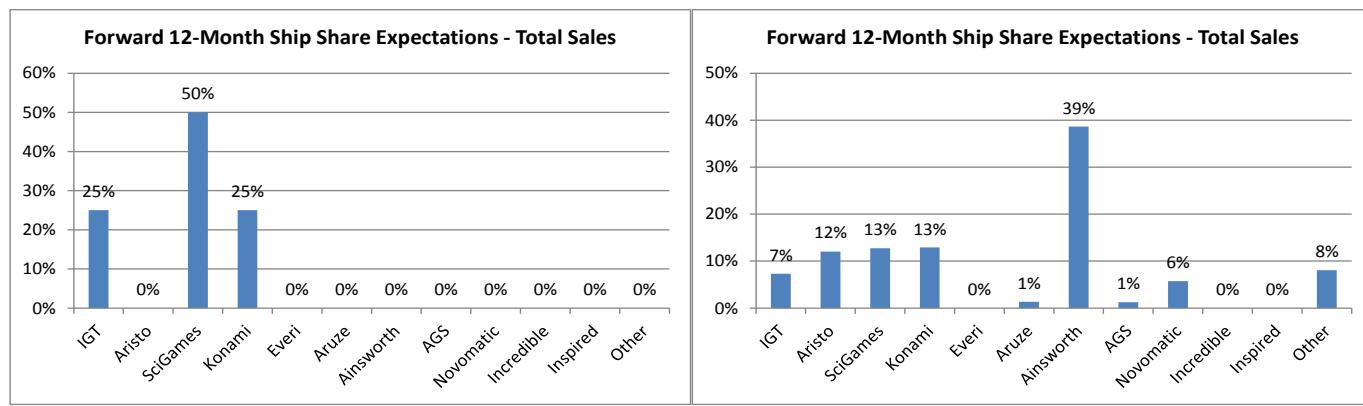
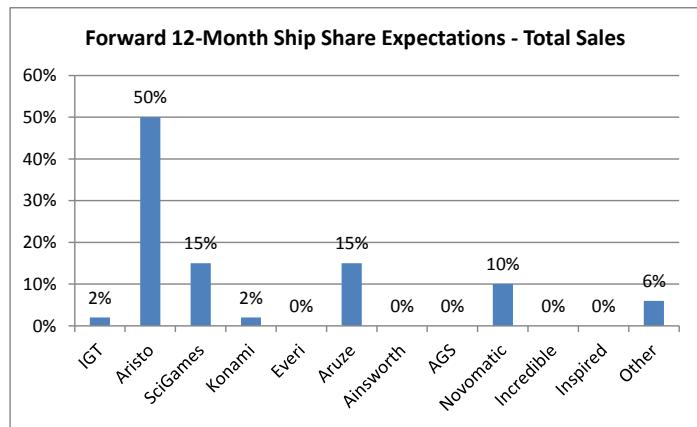


Source: EILERS-FANTINI Quarterly Slot Survey

### VLT / Route Ops



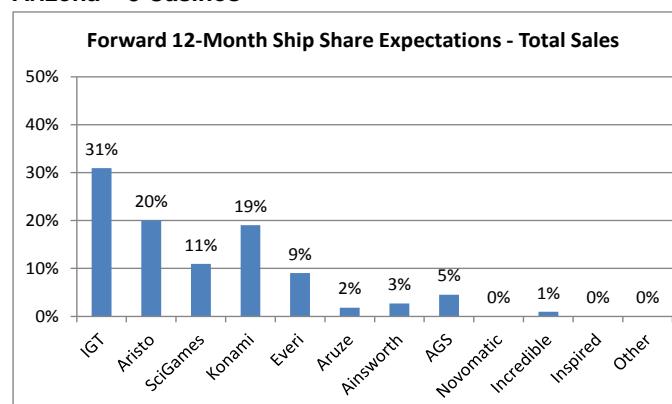
Source: EILERS-FANTINI Quarterly Slot Survey

**Total International ex. Route Ops****Asia****Australia / NZ****S. Africa**

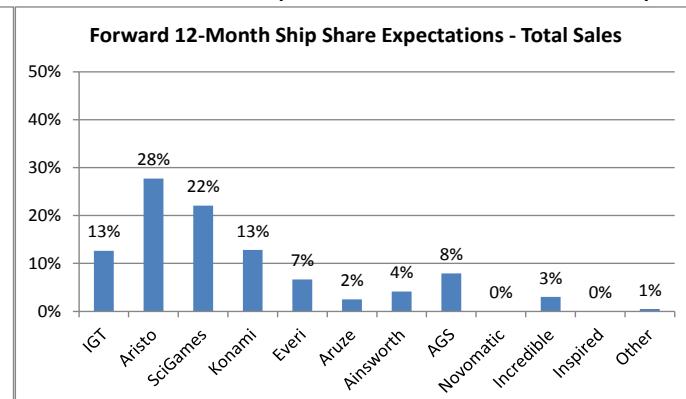
Source: EILERS-FANTINI Quarterly Slot Survey

## Total Forward Demand Ship Share – Replacements &amp; New &amp; Expansionary by U.S. Region

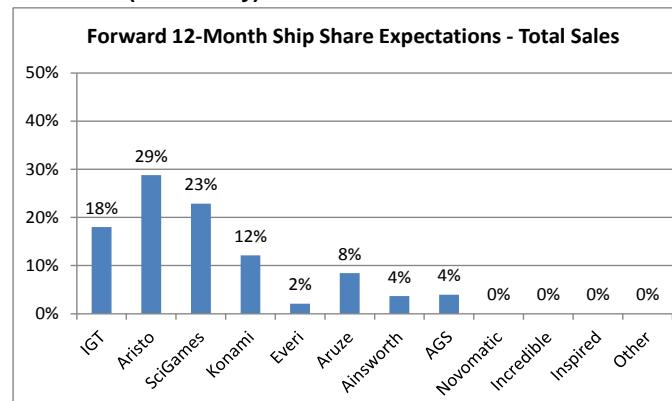
## Arizona – 3 Casinos



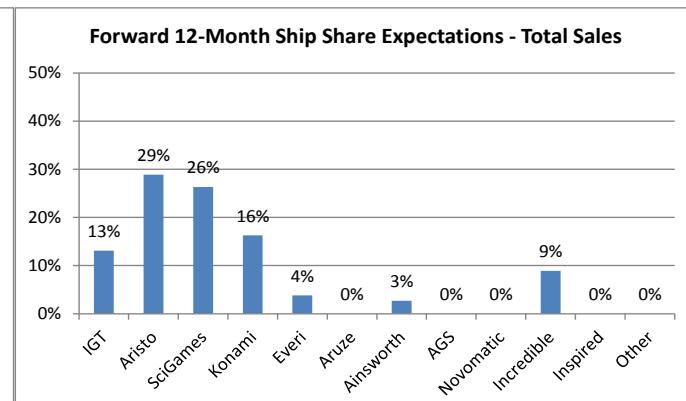
## California – 20 Casinos (12 Southern Cal, 8 Northern Cal)



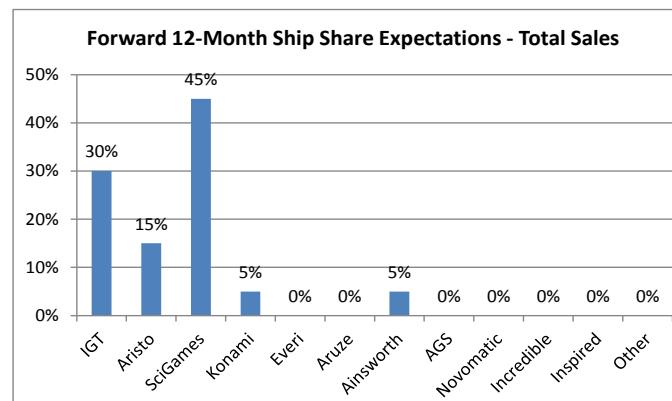
## Canadian (Slots Only) – 36 Casinos



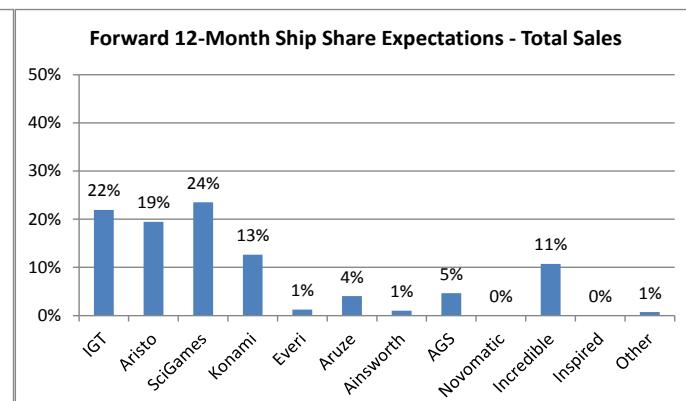
## Colorado – 9 Casinos



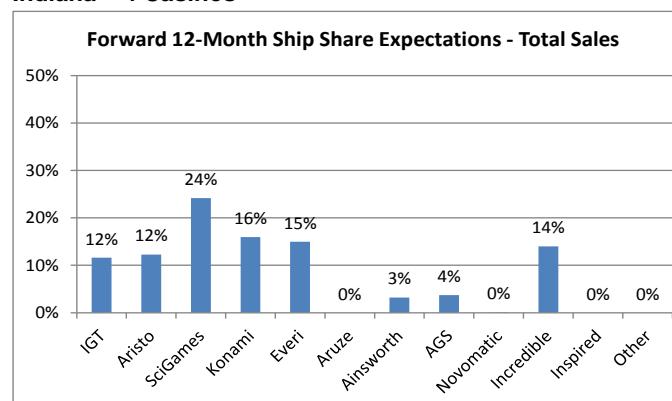
## Delaware – 3 Casinos



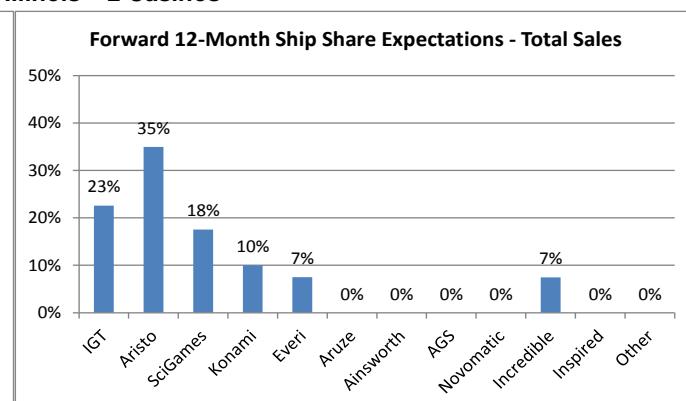
## Iowa – 5 Casinos



## Indiana – 4 Casinos



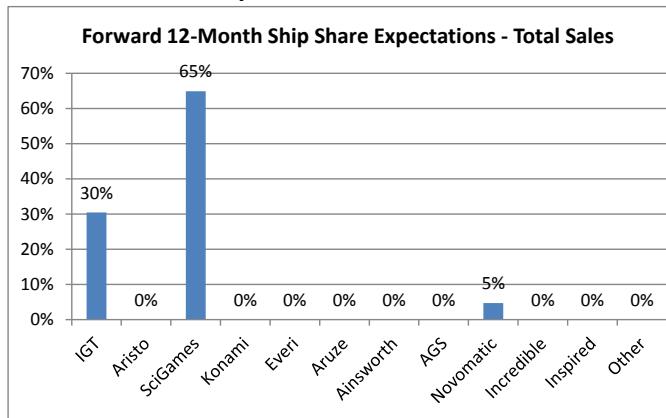
## Illinois – 2 Casinos



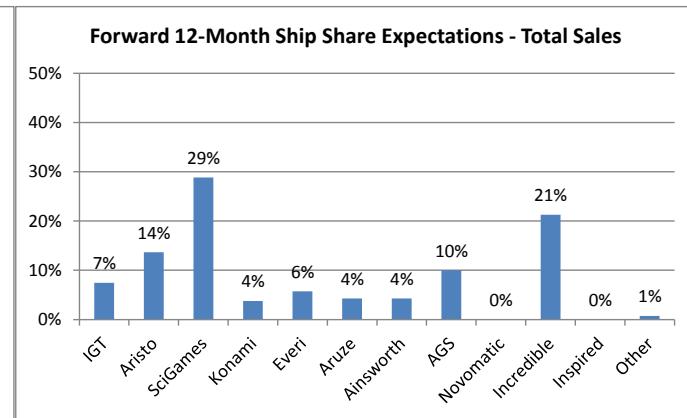
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

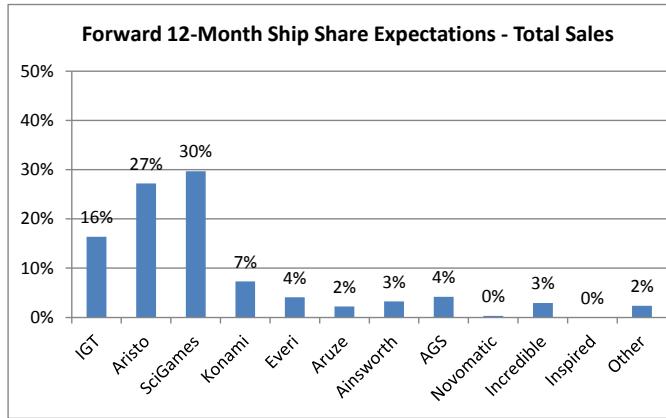
## IL VGTs – 4 Route Operators



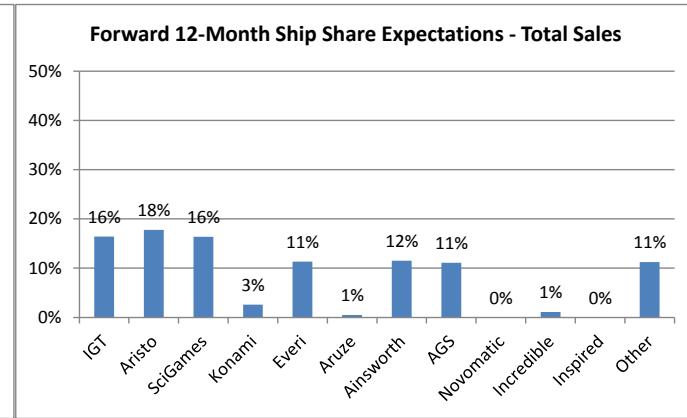
## Louisiana - 2 casinos



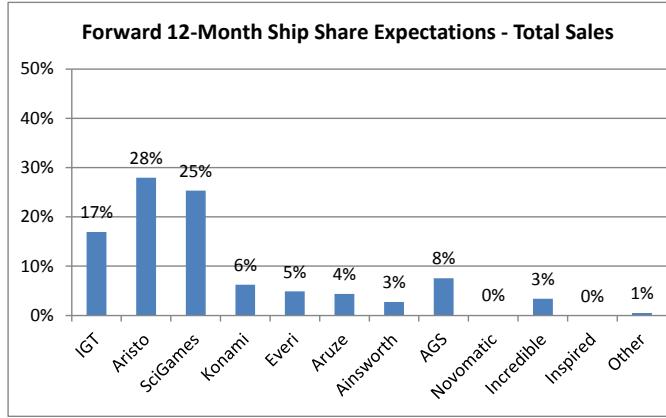
## Maryland – 3 Casinos



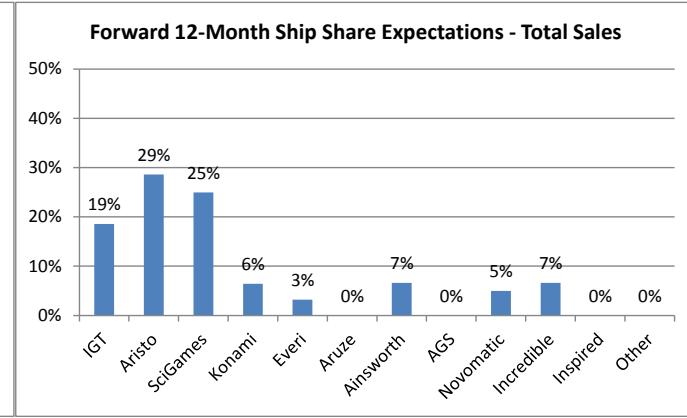
## Michigan - 8 casinos



## Mississippi - 3 casinos



## Minnesota – 3 Casinos



## Nevada - 39 casinos

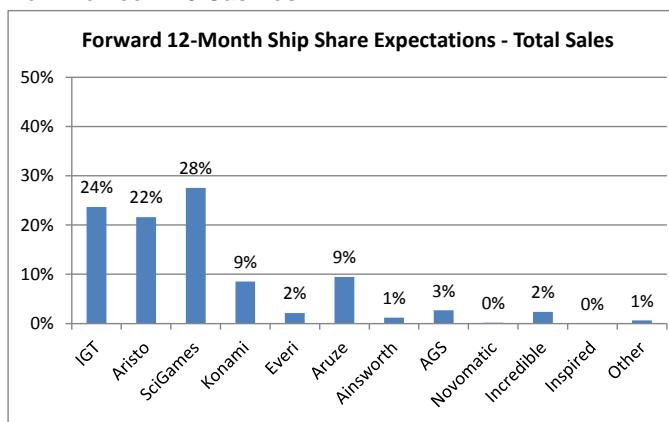
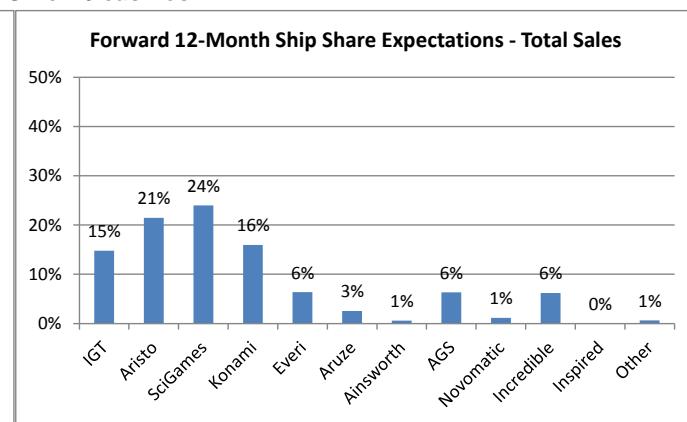
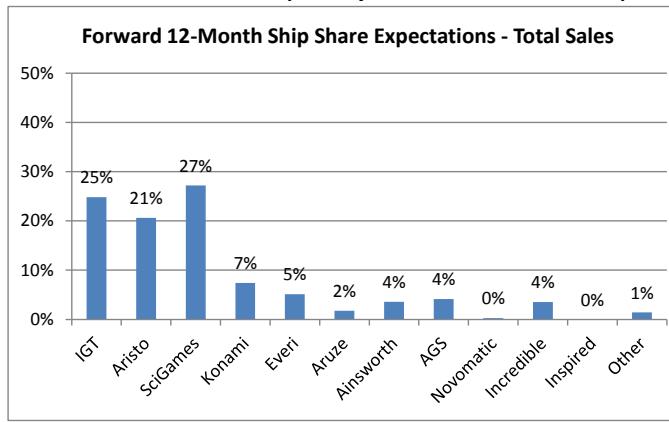
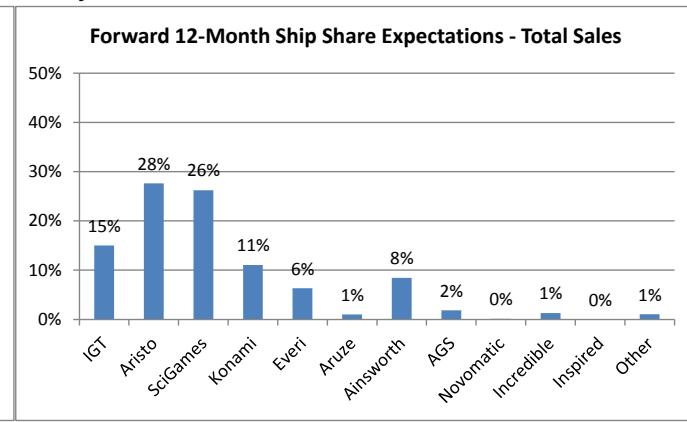
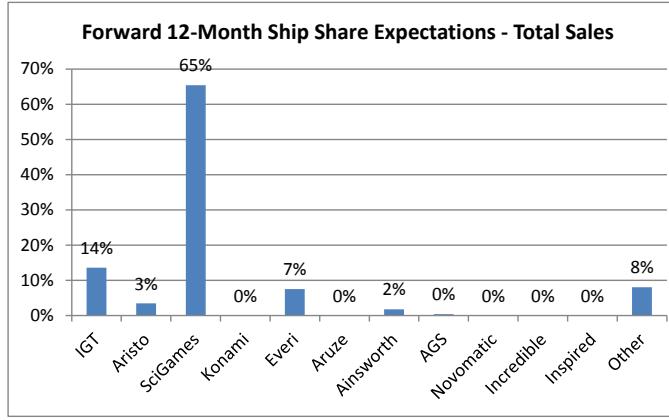
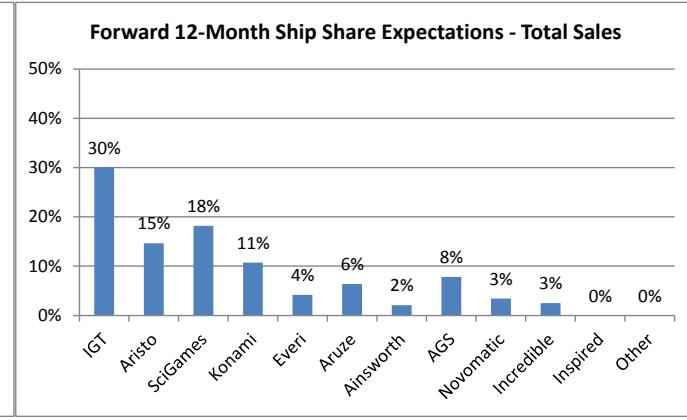


## New Jersey – 2



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

**New Mexico – 10 Casinos****Ohio - 6 casinos****Oklahoma – 61 Casinos (Incl Operators & Distributors)****Pennsylvania - 3 casinos****Washington - 4 casinos****Wisconsin – 12 Casinos**

Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## 20. System & Technology Spending

### Question 22 – Who is your current slot management system provider?

Due to increased international participation in the survey, we have separated North American from International responses with respect to slot management system provider. For North America, the vast majority of our survey participants continue to utilize a Bally slot management system with the next largest system providers being IGT and Aristocrat. For International survey participants, Win Systems is the most utilized slot management system followed by IGT and Bally. We note, our International participation is growing, however it is not as strong as our North American participation. Therefore it will not be representative of broad market trends in the same way our North American results are, though we still find it relevant. Other system suppliers for both North America and International markets included Novomatic, GTG, ACE, TableTrac and Boldt (CAS).

#### Slot Mgt System Provider - N. America

Company / System	Responses	%	Casinos	%	Slots	%
Bally (SDS, ACSC, BallyOne, MC)	52	45%	137	44%	161,343	47%
IGT (Advantage , Sbx, CasinoLink)	27	23%	91	29%	98,860	29%
Aristocrat (Oasis)	28	24%	63	20%	66,817	19%
Konami (KCMS)	5	4%	13	4%	8,265	2%
Other (includes other & none)	4	3%	7	2%	9,731	3%
<b>Total</b>	<b>116</b>	<b>100%</b>	<b>310</b>	<b>100%</b>	<b>345,017</b>	<b>100%</b>

Note: We do not include VLT central system technology or Route Operations units.

Source: EILERS-FANTINI Quarterly Slot Survey

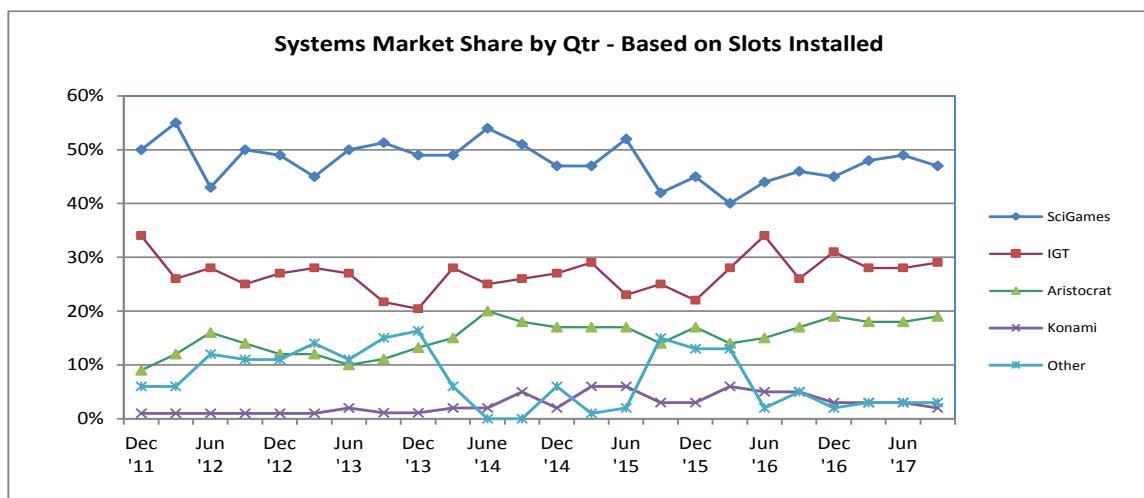
#### Slot Mgt System Provider - International

Company / System	Responses	%	Casinos	%	Slots	%
Win Systems (WIGOS / WASS)	4	27%	266	82%	56,159	71%
IGT (Advantage , Sbx, CasinoLink)	5	33%	21	7%	13,727	17%
Bally (SDS, ACSC, BallyOne, MC)	2	13%	16	5%	6,216	8%
Konami (KCMS)	0	0%	0	0%	0	0%
Aristocrat (Oasis)	0	0%	0	0%	0	0%
Other (includes other & none)	4	27%	20	6%	2,729	3%
<b>Total</b>	<b>15</b>	<b>100%</b>	<b>323</b>	<b>100%</b>	<b>78,831</b>	<b>100%</b>

Note: We do not include Route/VLT central system units

Source: EILERS-FANTINI Quarterly Slot Survey

The chart below highlights quarterly trends from our survey participants:



Source: EILERS-FANTINI Quarterly Slot Survey

**Question 23 – Did you purchase a system product in 3Q CY17? If so, please indicate the type?**

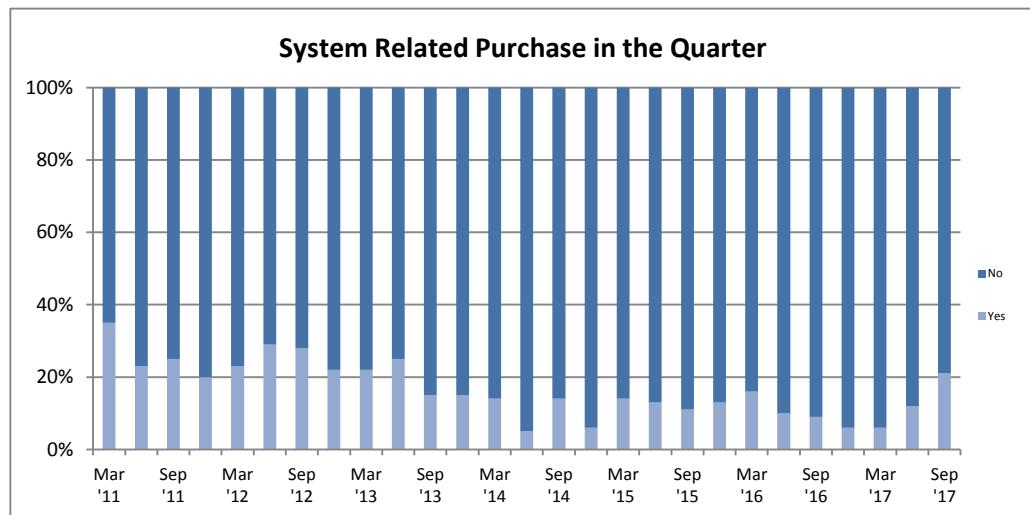
We note that 15 of 131, or 11% of participants purchased a system product in 3Q17, which was down ~-5% pts from our prior survey but fairly consistent with prior qtrs. See trends below.

**Systems technology investment - 3Q CY17**

Company / Product	Responses	%	Casinos	%	Slots	%
Did not purchase any technology	116	89%	522	89%	312,070	79%
Purchased systems technology	15	11%	66	11%	82,707	21%
<b>Total</b>	<b>131</b>	<b>100%</b>	<b>588</b>	<b>100%</b>	<b>394,777</b>	<b>100%</b>

Source: EILERS-FANTINI Quarterly Slot Survey

The below chart highlights the quarterly purchasing trends from our survey participants:



Source: EILERS-FANTINI Quarterly Slot Survey

The below table is a list of all system products purchased in the qtr.

Supplier	System Product
Aristocrat	Oasis One Link
Aristocrat	Oasis nCompass Light
House Advantage	Halo Bridge
SciGames (Bally)	SDS Display Manager
SciGames (Bally)	iView 4 with Display Manager
SciGames (Bally)	CMP 13 - player tracking
SciGames (Bally)	Tournament Manager
IGT	IGT Advantage
IGT	Upgrade v9.4 and v9.7
IGT	Tournament Manager
IGT	Linked Progressive Jackpots
ACE	Osiris

Source: EILERS-FANTINI Quarterly Slot Survey

**Question 24 – Do you currently have plans to purchase and install a system product over the next 12 months? If so, please indicate the type of product.**

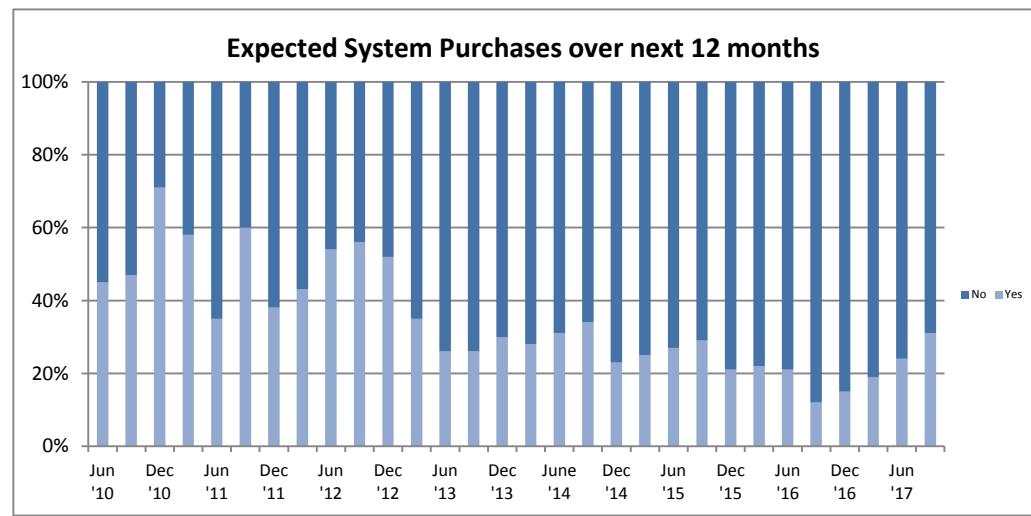
This quarter 33 out of 131, or 25% of our survey participants have plans to purchase systems technology over the next 12 months which is in-line with our previous quarter's survey.

**Systems technology investment plans over next 12 months**

Company / Product	Responses	%	Casinos	%	Slots	%
No investment plans	98	75%	450	77%	271,602	69%
Plan to invest	33	25%	138	23%	123,175	31%
<b>Total</b>	<b>131</b>	<b>100%</b>	<b>588</b>	<b>100%</b>	<b>394,777</b>	<b>100%</b>

Source: EILERS-FANTINI Quarterly Slot Survey

The below chart highlights quarterly responses from our survey participants:



Source: EILERS-FANTINI Quarterly Slot Survey

The below table is a list of all system products expected to be purchased over the next 12 months.

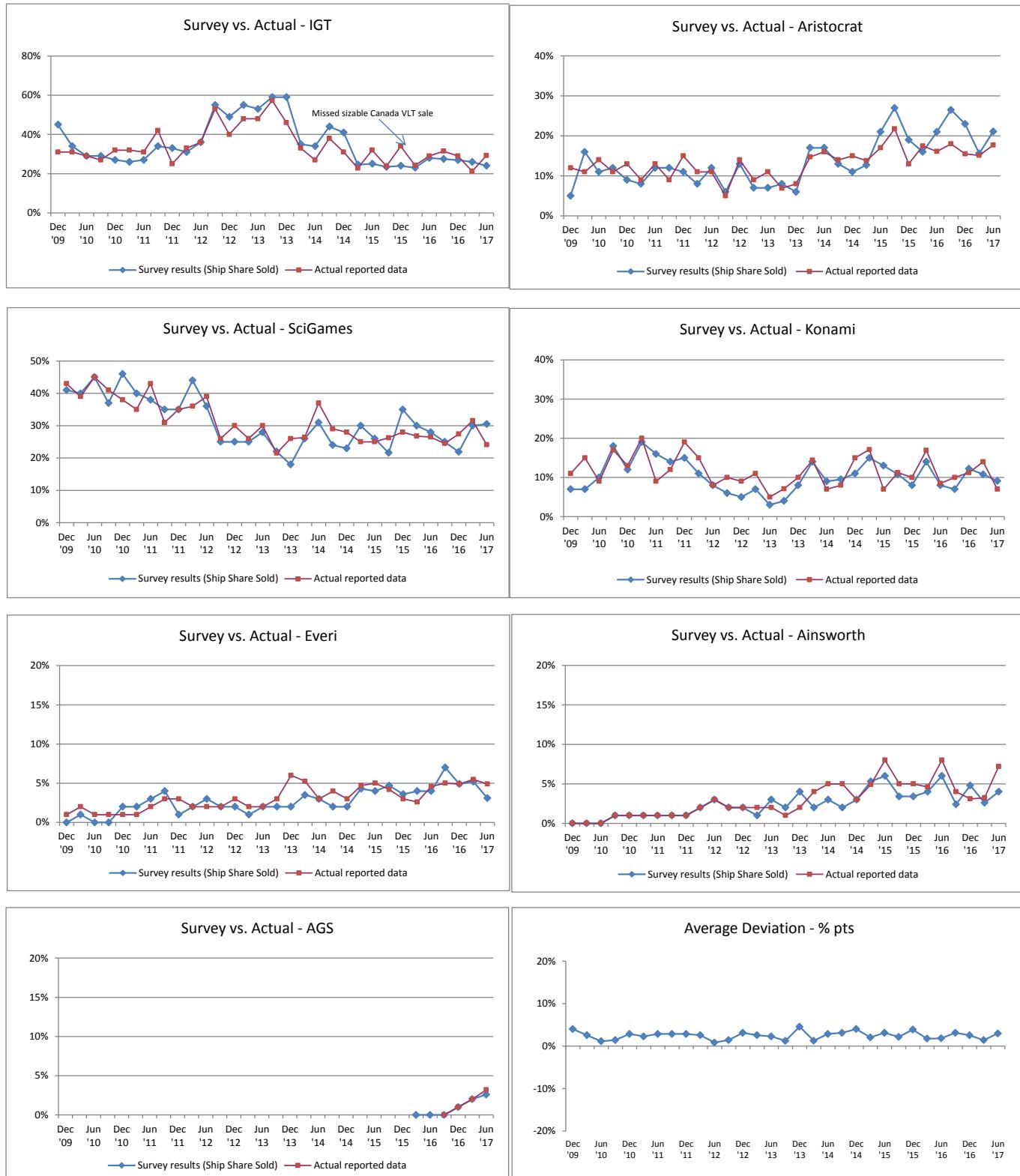
Supplier	System Product
Aristocrat	Oasis Upgrade including One Link
Aristocrat	nCompass Upgrade
CPI	EasiTrax
SciGames (Bally)	iView 4 Display Manager
SciGames (Bally)	SDS 13 Upgrade
SciGames (Bally)	VIP Host
IGT	Random Riches - player bonusing app
IGT	IGT Advantage Service Window
IGT	Virtual Bank Controller
ACE	Osiris
JCM	Fusion
Casino Science	Data Mining & Slot Analysis
VizExplorer	TechViz

Source: EILERS-FANTINI Quarterly Slot Survey

## 21. Historical Survey Accuracy

Below we provide some charts on the historical accuracy of our quarterly survey ship share by supplier. In doing this, we compare our survey results with actual units shipped by major suppliers.

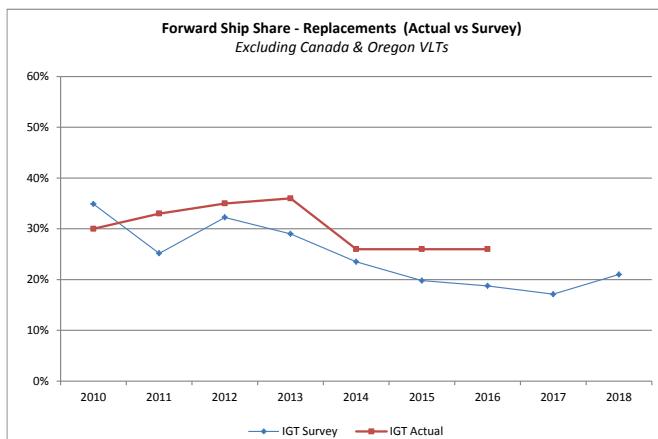
### Current quarter ship share accuracy



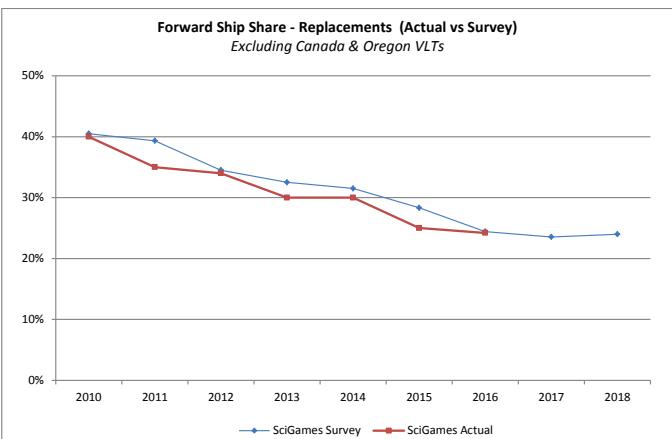
Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

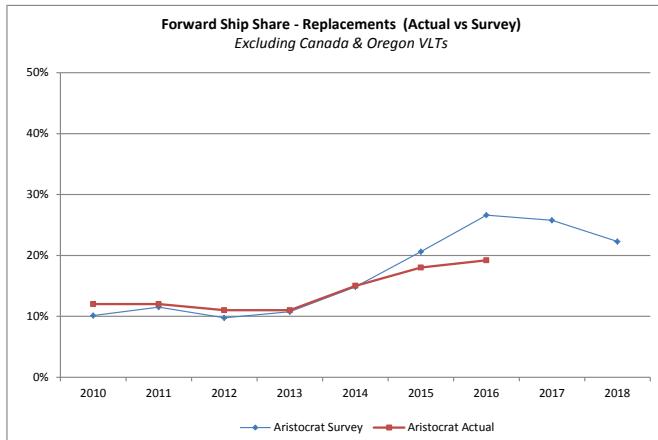
### Forward Ship Share Expectations accuracy



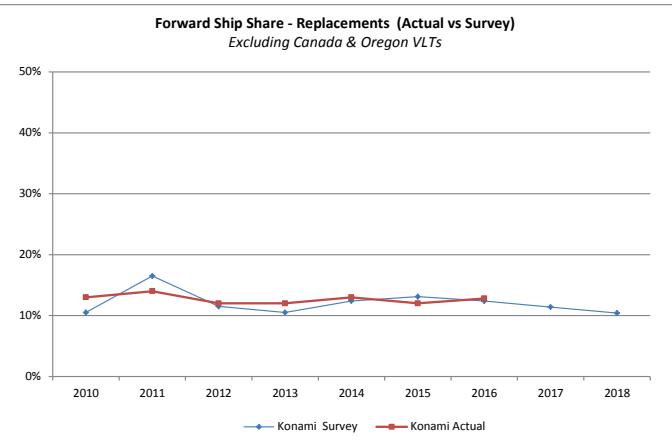
Source: EILERS-FANTINI Quarterly Slot Survey



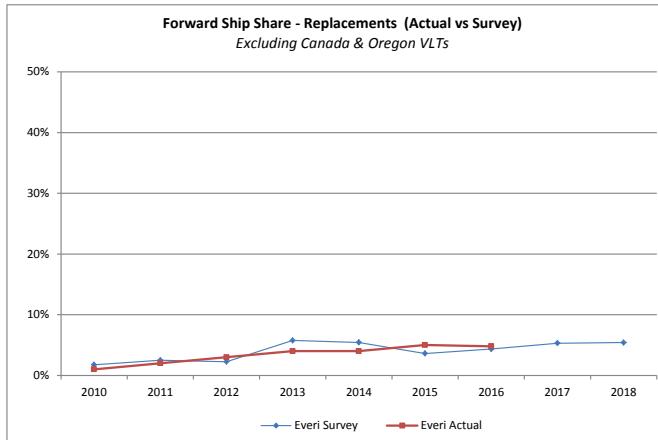
Source: EILERS-FANTINI Quarterly Slot Survey



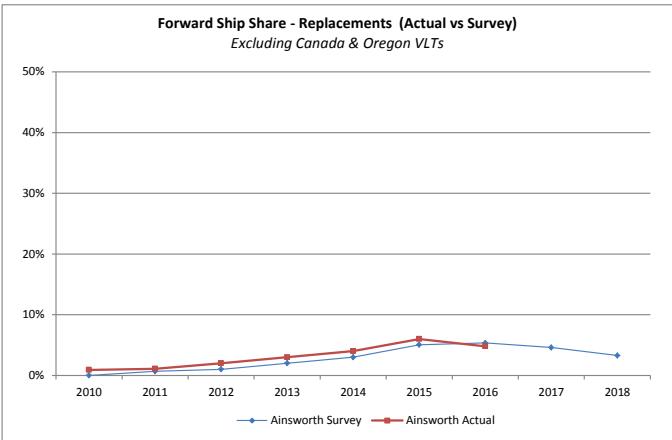
Source: EILERS-FANTINI Quarterly Slot Survey



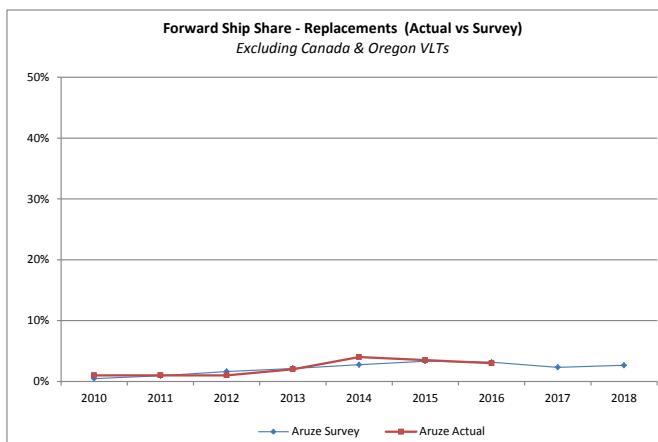
Source: EILERS-FANTINI Quarterly Slot Survey



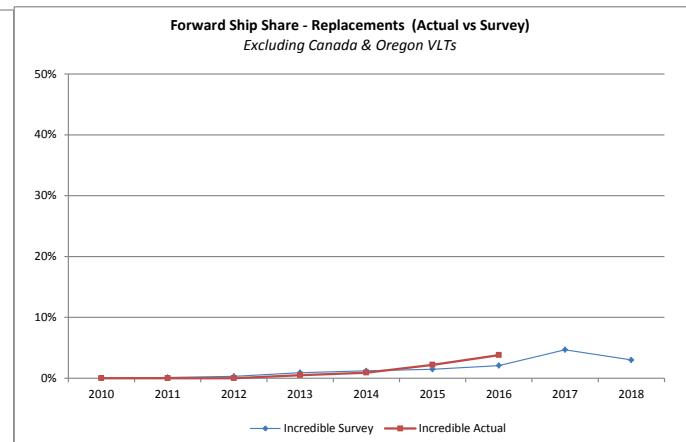
Source: EILERS-FANTINI Quarterly Slot Survey



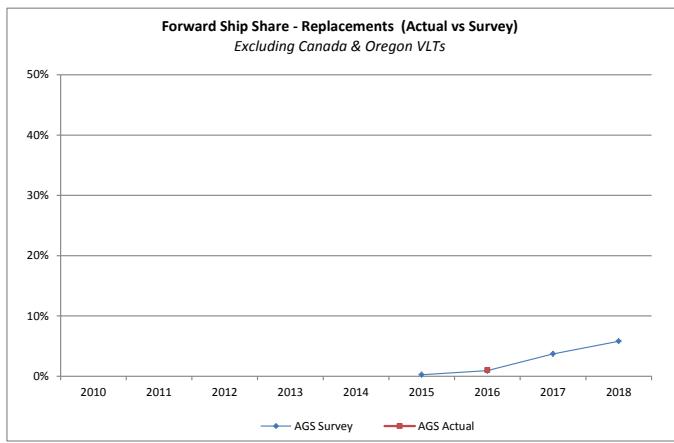
Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

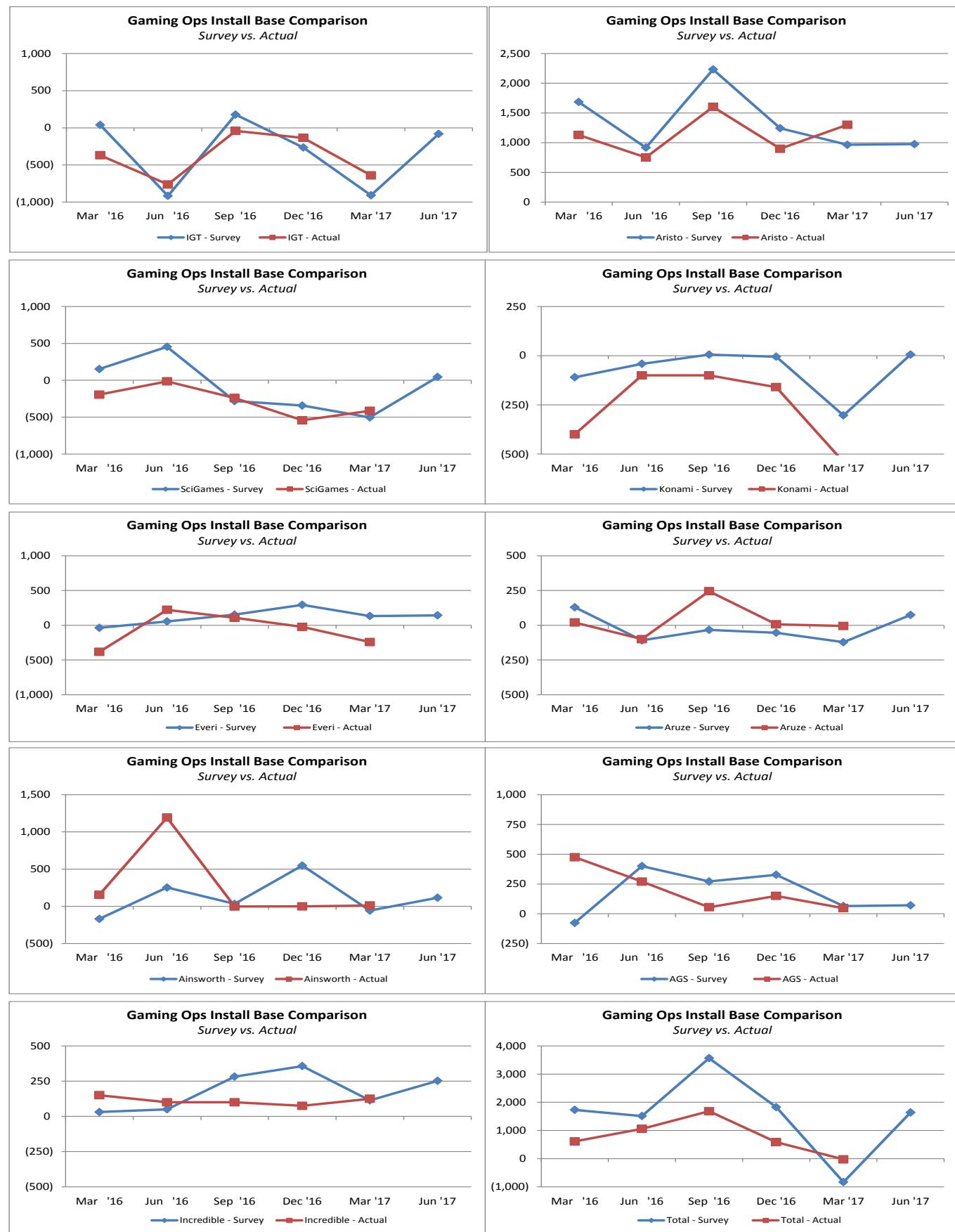


Source: EILERS-FANTINI Quarterly Slot Survey



Source: EILERS-FANTINI Quarterly Slot Survey

## Gaming Ops Install Base Expectations accuracy



Source: EILERS-FANTINI Quarterly Slot Survey

Source: EILERS-FANTINI Quarterly Slot Survey

## 22. Survey Methodology & Key Definitions

The *EILERS-FANTINI* slot survey is conducted quarterly and responses are collected primarily through an online survey template. Some participant responses are collected from direct interviews. Duplicate property responses are eliminated. Key participant titles include but are not limited to: Director of Gaming, VP of Slots, Director of Slots, General Manager, and Director of Slot Performance. Non-qualified participants are also eliminated.

Weighted Avg. Ship share – We use a weighted average percentage when determining ship share, which reflects the size of the survey participant (i.e. # of slots in operation) vs. treating each participant equal (i.e. non-weighted). We believe this is the best approach as it more accurately reflects the purchasing activity from large corporate buyers in the marketplace.

Static Market Share – Static market share refers the current existing vendor market share on a casino floor including previously shipped games and or lease placements.

State Breakouts – We will break out individual markets within our survey if there are more than two participants in that particular market providing responses.

## 23. Contact Information

### Thank you to all participants

On behalf of Eilers & Krejcik Gaming, LLC and Fantini Research we would like to thank all participants for completing our quarterly survey. Our goal is to make this report a must read by casino operators and investors every quarter. We look forward to your continued participation and welcome any feedback you might have on how we can improve our survey.

Sincerely,

Todd Eilers, Principal, Eilers & Krejcik Gaming, LLC

Frank Fantini, CEO, Fantini Research

#### About Eilers & Krejcik Gaming, LLC

Eilers & Krejcik Gaming, LLC is a boutique research firm focused on servicing the gaming equipment, technology, and interactive sectors within the casino gaming industry. Our products and services include market research, company research, and consulting & advisory services designed specifically for casino operators, equipment & technology suppliers, online & social gaming operators and suppliers, gaming regulators, and investors. Additional information regarding our research products and services can be obtained calling Todd Eilers at 714-619-9330, or visiting our website at [www.ekgamingllc.com](http://www.ekgamingllc.com) .

#### About Fantini Research

Fantini Research publishes e-dailies and information services for investment professionals and corporate executives. Fantini also performs research projects on request and offers an advisory service, Gaming Investment Research. Additional information regarding Fantini research products and services can be obtained calling Mike Pehrle at 302-730-3793, or visiting the company's website at [www.fantiniresearch.com](http://www.fantiniresearch.com) .

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Gaming

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## **EKG Market Update & Outlook** G2E Briefing - 2018

October 8<sup>th</sup>, 2018 | The Venetian in Las Vegas, NV

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## About Eilers & Krejcik Gaming

Eilers & Krejcik Gaming, LLC is a boutique research & advisory firm focused on servicing the gaming equipment, technology, and interactive gaming sectors within the global gaming industry. Products and services include market research, company research, and advisory services designed specifically for traditional land based & online casino companies, gaming technology providers, digital & interactive gaming companies, and institutional investors.

- **Market Research** - proprietary market research offering includes multiple surveys and internally developed reports that are designed specifically to track key industry and product demand drivers, operating metrics, market share trends, and technology adoption rates.
- **Company Research** - company research offering includes the active coverage of all major gaming equipment and technology providers, as well as social gaming companies.
- **Consulting & Advisory Services** - consulting & advisory services division provides a wide range of customized research products and advisory services for both gaming companies and investors including, but not limited to, M&A advisory, customized surveys, new market analysis, asset valuation, and competitive landscape analysis.

## Presenters

**Todd Eilers**

Principal, Head of Gaming Equipment & Technology  
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**Adam Krejcik**

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**Chris Grove**

Managing Director, Head of Sports & Emerging Verticals  
[cgrove@ekgamingllc.com](mailto:cgrove@ekgamingllc.com)



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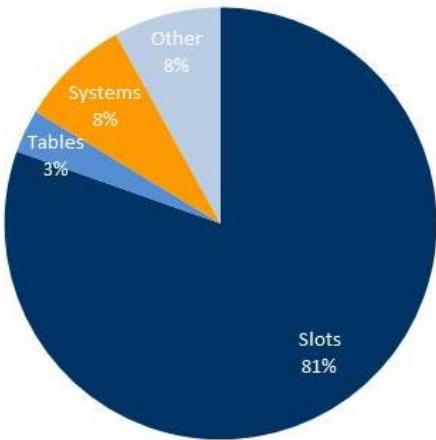
## Gaming Equipment & Technology



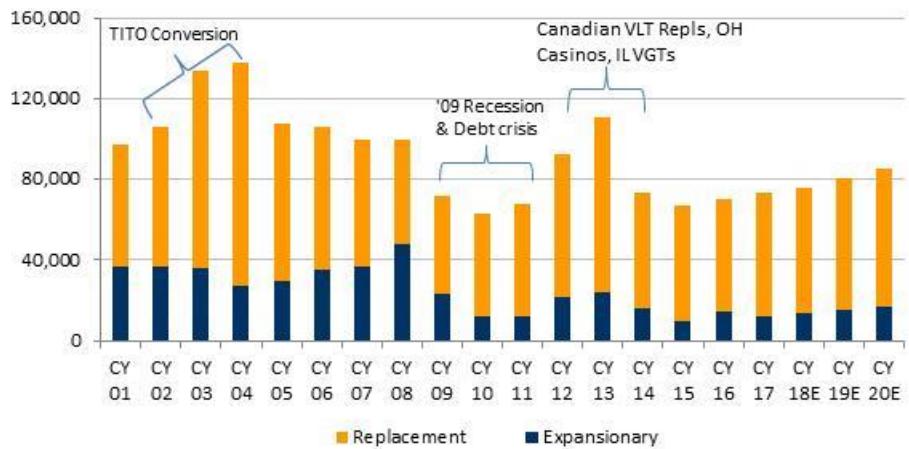
## Gaming Equipment & Technology – Overview

- We estimate Global Gaming Equipment & Technology B2B revenue was \$6.9 billion in 2017 and is on pace to reach \$7.1 billion in 2018.
- Revenue generated from Slot Machine sales and lease placements represents the largest contributor at ~81% of the total market.
- North America is the largest slot market with ~1.0 million slot machines installed contributing ~80% of N. America B2B revenue and ~50% of Global B2B revenue.
  - Roughly 80k games sold annually in N. America w/ a replacement cycle of ~10-13 yrs

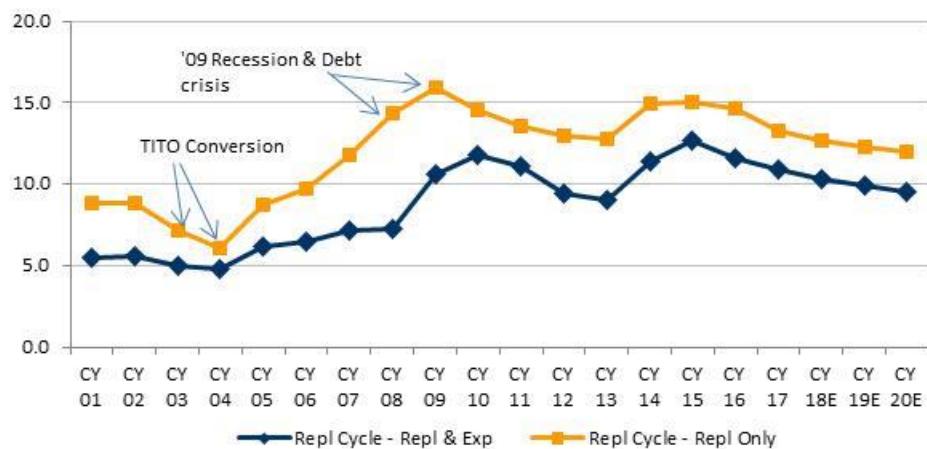
**Global Gaming Equipment B2B Revenue was \$6.9 Billion in 2017**



**Total Slot Shipments - Annual**



**Adj. Replacement Cycle - Yrs**



## Gaming Equipment & Technology – Key Trends (1 of 2)

### 1. Adoption of Curved Format Slots

- Bally introduced the first curved slot machine format in 2014
- We estimate that curved screen format slot machines now represent ~9.0% of the slot floor and should continue to grow in the coming years.

### Numbers To Notice

**9%**

*Estimate for the percentage of Curved slot machines on N America casino floors*

### 2. Increased Asian Themed Content

- Most suppliers now have a meaningful number of Asian themed slot games
- We estimate that Asian content now represents ~8.0% of the slot floor and should continue to grow

**8%**

*Estimate for the percentage of Asian themed slot content on N. America casino floors*

### 3. Flood of Lightning Link Clones

- Aristocrat launched Lightning Link in 2015 and it has become the N. American gaming industry's top game
- We estimate Lightning Link & LL Clones are currently generating ~37% of the gaming industry's Premium leased game revenue

**37%**

*Estimate for the percentage of Lightning Link & LL Clone revenue contribution within the Premium Leased segment on N. America casino floors*

## Gaming Equipment & Technology – Key Trends (2 of 2)

### 4. Average Selling Prices (ASPs) continue to rise

- North American slot ASPs have increased from ~\$10,000 in 2014 to ~\$17,500 in 2018 representing a 14 yr CAGR of +4.5%
- Key drivers include the adoption of larger and more advanced hardware designs to include touch screen button decks and curved slot screens among other items

### 5. Average Fee Per Day (FPD) continues to decline

- Average FPD for slot machine vendors has steadily declined over the past 14 yrs dropping from ~\$45 per day in 2004 down to ~\$35 per day in 2018
- Key drivers include a higher mix of Non-Premium games (ie. Class II, VLT, ETG) combined with a reduction in the number of WAP units and the emergence of several new vendors offering premium games at lower price points

### Numbers To Notice

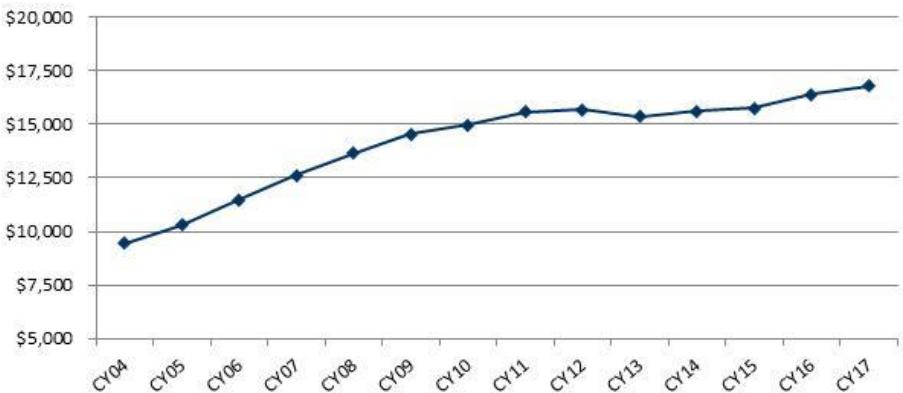
**\$17,500**

*The Average Sales Price (ASP) for a Slot Machine sold in North America in 2018*

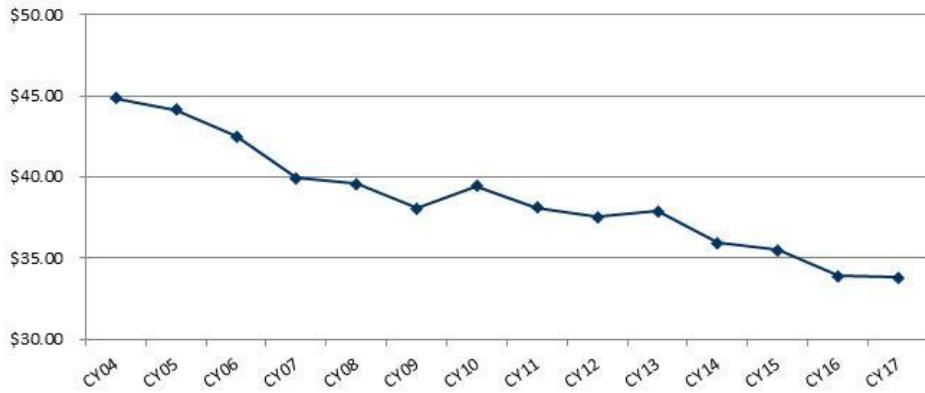
**\$35**

*The average Fee Per Day (FPD) per game that suppliers place on a lease or participation basis*

N. America ASP trends - Annual



Gaming Ops Revenue Fee per Day - Annual



# Gaming Equipment & Technology – Three Predictions

## 1. California will overtake Nevada as the largest slot market in 2019

- We estimate that California will generate \$8.1 billion in slot win in 2019 eclipsing Nevada as the N. American gaming industry's largest slot market in terms of revenue
- California's average slot win per day is ~\$300 on 73k units vs. Nevada at ~\$150 on 161k units

### Numbers To Notice

**#1**

*We estimate that California will surpass Nevada as the largest slot market in terms of revenue generated in 2019*

## 2. Land-based / Interactive – Next M&A wave

- European land-based and online gaming companies are looking to the US market as a key growth opportunity
- US operators & suppliers have market access but need experience & expertise in online casino and sports betting

## 3. Expect the legalization of at least 1 more major Route market by 2020

- There are ~106k slots currently installed in 10 legal Route markets in North America
- We believe there is an untapped potential for an additional 200-300k incremental games
- Regional Casino operators have acquired Routes: Penn, Del North, Golden, Boyd
- Potential States: IN, MO, OH, PA (Expansion)

**+ 1**

*We expect the legalization of at least one more US Route market by 2020*

## Gaming Equipment & Technology – NEW Central GPD

- The EILERS-FANTINI Central Game Performance Database (GPD) was launched in Jan '18
- We are currently tracking the performance of ~68,000 slots in 66 casinos across 23 different jurisdictions
- We expect to have ~100,000 slots in ~100 casinos tracked in our database by year end
- Key benefits to operators include:
  - Ability to Benchmark your casino with your local market
  - Individual game scorecards
  - Fair Share analysis
  - Top games in your market that are not on your floor
  - Custom filters and ability to extract data

### Top Casino Owned Low Denom Video Reel – Aug '18

Rank	Game Name	Supplier	Theo Net Win vs. Zone
1	Dancing Foo	Aristocrat	2.96
2	Wonder 4 Boost	Aristocrat	2.62
3	Dancing Drums	SciGames	2.52
4	Buffalo Gold	Aristocrat	2.30
5	Fu Nan Fu Nu	AGS	2.12
6	Wonder 4 Tall Fortunes	Aristocrat	2.10
7	Ocean Magic Grand	IGT	1.98
8	Star Watch Fire	Konami	1.96
9	Mayan Chief GS	Konami	1.91
10	Agent Magnifying Jpts	Konami	1.88

### Casinos



### Game Themes



### Slots



## Gaming Equipment & Technology – Post G2E Virtual Roundtable

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Eilers & Krejcik Gaming will be hosting its third annual Post G2E Virtual Roundtable. The goal of the virtual roundtable is to hear directly from some of the largest operators in the gaming industry with regards to what they saw at the G2E show this year (i.e. Best Supplier, Best Game/Technology, etc.).

### Details

**Date/Time: Tues, Oct 16th at 9:00am pacific**

Dial-in Number: (844) 259-0757

Conf Call ID: 5939736



### Moderator

Todd Eilers, Eilers & Krejcik Gaming, LLC, Principal

### Panelists

Dan Cherry, Penn National, Corp VP of Gaming Operations

Skyelar Perkins, Choctaw Casinos & Resorts, Sr. Director of Slot Operations

Mike Laubach, Boyd Gaming, Corporate VP of Slot Operations



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## Social Casino Gaming



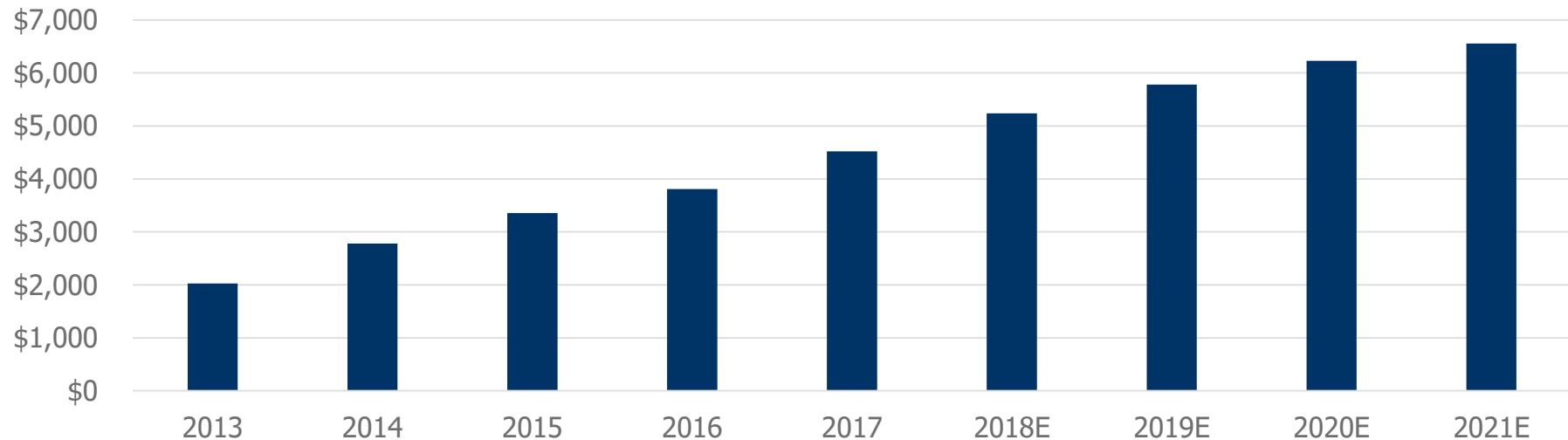


## Social Casino Gaming – Overview

Size and underlying value of social casino gaming market no longer questioned.

- Approaching \$10bn worth of M&A transactions over the past 5-years in social casino gaming, incl. mega-\$4.4bn sale of Playtika to Chinese consortium, DoubleU Games \$825m of acquisition Double Down Interactive, and Aristocrat's \$990 million acquisition of Big Fish Games.
- Numerous publicly traded gaming companies in which social casino division now makes up significant portion of their "digital" business and helping companies generate meaningful FCF e.g. Zynga, SciGames, Aristocrat, and DoubleU Games.
- Social casino no longer viewed as gateway to RMG in the US. We note social casino US market size of \$3.0bln (CY17), which is exponentially larger than combined total of regulated US iGaming market, US sports betting & DFS market.

Social Casino Market Size  
(\$ in millions)



## M&A Wave

**Key Trend:** Approaching \$10bln worth of transactions

2017



2016



2015



2014



2013



2012



2011



## Gaming Suppliers & Land-Based Content

**Key Trend:** Land-based content serves a key competitive advantage due to superior monetization (better math), retention (familiarity with certain slot titles).

### M&A



### Strategic Partnerships & Other



### Licensing



### Gaming Suppliers ARPDAU Lift

Publisher	ARPDAU (CY13)	ARPDAU (CY17)	% uplift
Aristocrat / Product Madness	\$0.16	\$0.56	250%
SciGames Interactive	\$0.29	\$0.42	45%
Double Down (formerly owned by IGT)	\$0.40	\$0.52	30%
High 5 Games	\$0.45	\$0.65	44%

**Screenshot: Cashman Casino Featuring "Lightning Link"**





## Predictions – 3 Key Trends to watch over next 5 years

**1. It's all about conversion and monetization** - Recent growth in the social casino market has largely been driven by higher monetization rates as user levels have largely remained steady. Looking ahead we don't believe this dynamic will change as the social casino market becomes increasingly saturated.

Paying player conversion rates for F2P MMO's in Asia range from 8-15%. We estimate social casino industry has an average monthly paying player conversion rate of 3-4%.

**2. Small changes (lots of them), but big reward** - Improving conversion rates and driving higher monetization is "easy" to say in principle, but much harder to execute. While we do not profess to be product experts, our discussions and analysis leads us to the following conclusions:

- Rising tide should help lift all boats. Our thesis is that consumers and especially younger generations are becoming increasingly comfortable with the 'freemium' model
- Small changes can lead to big rewards. companies that are growing or even successful new incumbents are largely making lots of small tweaks to products and features. We are not dismissing the importance of having good content, but rather we believe the key is constant optimization.

**3. Crossing Over into Other Sectors**- Social casino companies expanding beyond "casino" the genre as evidence by Aristocrat's recent acquisitions of Plarium and Big Fish, Playtika's acquisition of Jelly Button Games (Pirate Kings), Playstudios & King Digital partnership, and Huuuge Games entrance into hyper-casual games.

Additionally, companies like Murka have begun to explore "cross-over" appeal by incorporating RPG type elements into classic slot games e.g. Scatter Slots has quests & missions, and dark/gothic feel to the game, which has helped it appeal to a younger/male audience.



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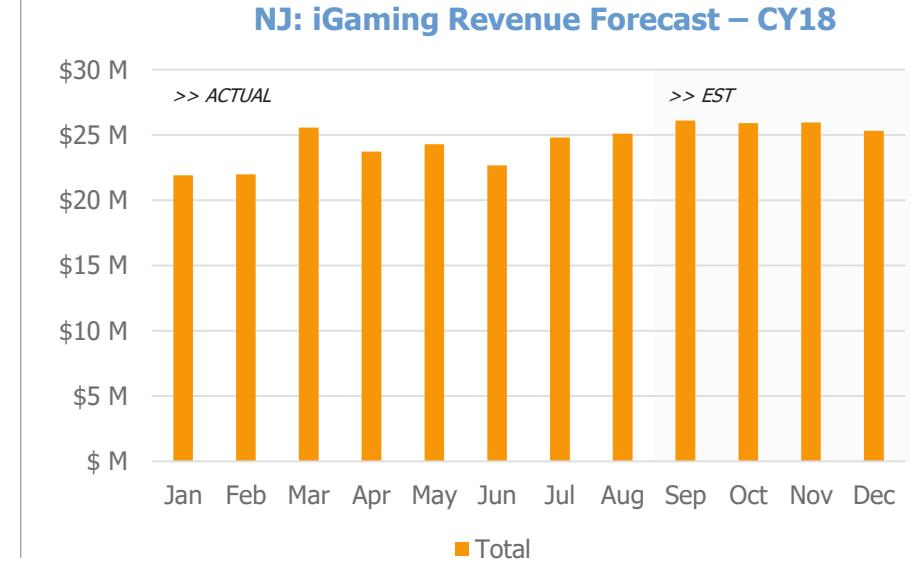
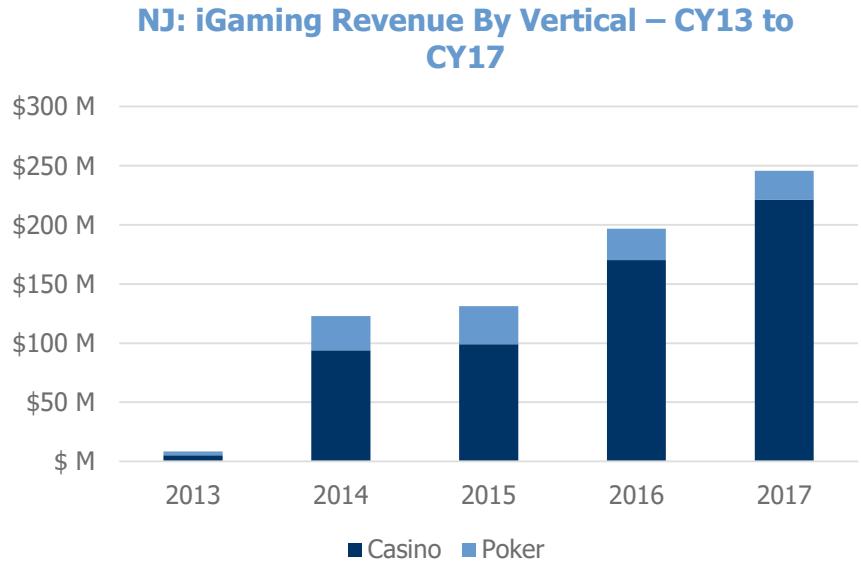
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## Online Casino / Poker



## Online Casino / Poker – Overview

- Operational in NJ, DE and NV and expected to launch early 2019 in PA
- Robust revenue growth in NJ being driven by the state's online casino vertical
  - Total CY17 iGaming revenue was \$245.6mm (+25% Y/Y)
  - CY17 online casino revenue was \$221.3mm (+30% Y/Y), accounting for 90% of CY17 total
  - We est. total revenue of \$289mm in CY18 (+18 Y/Y), driven by new online casino supply and sports betting cross-sell
- By contrast, revenue growth in DE and NV hampered by:
  - Small adult online populations
  - Poker-only (NV) and high taxes / onerous rev-sharing requirements (DE)
- We anticipate PA iGaming (online slots, table games, poker / unlimited skins) to launch in the 4Q18-1Q19 timeframe
  - 54% tax on online slots likely to act as a drag on market as a whole





## Online Casinos / Poker – Key Trends

### 1. NJ: Skins Have Grown The Market

- 19 active brands in NJ online casino market (up from the 10 in period immediately following launch). Each new brand has appeared to result in net growth for the market.
- Open question: When will market reach saturation point?

### 2. NJ: Online Slots Dominate

- Per operator commentary, ~70% of total iGaming revenue derived from online slots, ~20% from online table games, and ~10% from online poker.
- Per commentary, live dealer games – particularly blackjack – have been a meaningful differentiator / driver of incremental new revenue.

### 3. NJ: Non-Endemic Brands Successfully Contesting The Market

- Per our tracking, some non-endemics (e.g., Betfair [10%]) are capturing meaningful online casino market share / outperforming endemics.

### 4. NJ: Payments Still A Headwind

- Credit card issuing banks rejecting ~50% of iGaming transactions, which is likely acting as a drag on deposit volumes. But opportunities associated with online sports betting may persuade banks to change processing policies.

### NJ: New / Anticipated Market Entrants



Launched iCasino 6/2018



Launched iCasino 7/2018



Anticipated 1Q19



Anticipated 3Q18-1Q19



## Online Casino / Poker – Three Predictions

### 1. NJ: Online Sports Betting To Boost Online Casino Revenue By ~15%

- Per operator commentary, NJ online casino revenue to increase 10-15% following broader introduction of online sports betting.
- Bump = net cross-sell of casino products to sports betting customers / other increased casino activity driven by online sports betting.

### Numbers To Notice

**24**

*Est. no. of unclaimed iGaming skins in NJ. We anticipate more skins will be claimed in near-term, esp. by online sports betting operators looking to exploit casino-sports cross-sell.*

### 2. PA: Tax Rates To Force Live Dealer To The Fore

- PA's differential tax rate (54% online slots, 16% online table games) to provide fuel for operators to integrate / leverage live dealer.
- We expect some PA operators to lead with it.

**4**

### 3. US: Key States To Legislate Casino, Online Sports As A Package

- Select, populous states (e.g., IL, MI) expected to bundle online casino / poker and online sports betting.
- More broadly, online casino / poker and sports betting expected to be legislated separately.

*No. of states we think could bundle iGaming and online sports betting in near-term. Those states – IL, MA, MI, NY – account for ~15% of total US population.*



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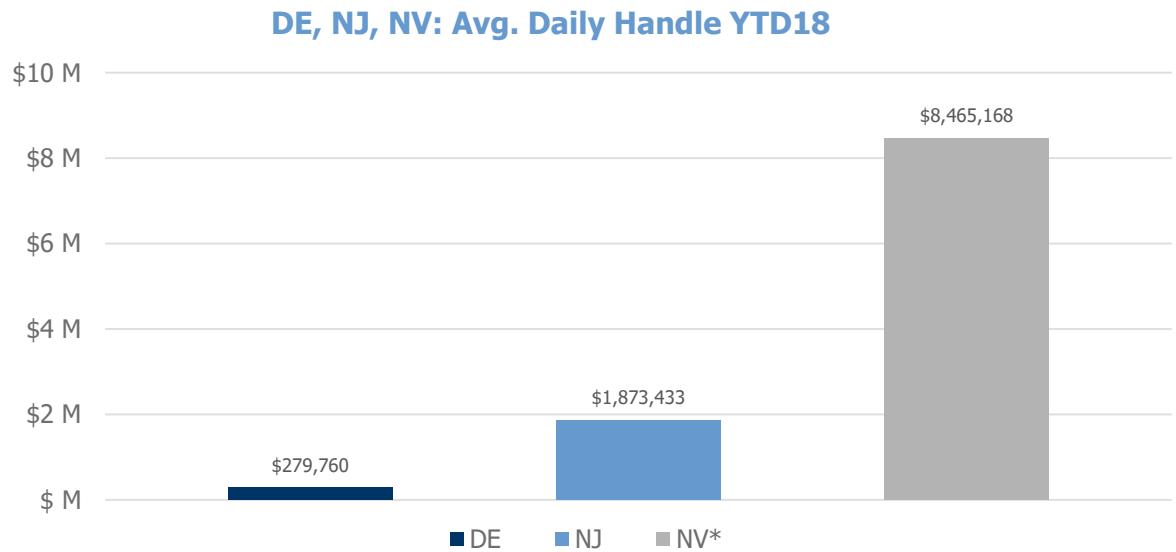
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## Sports Betting



## Sports Betting – Overview

- Sports betting operational in NV, NJ, MS, WV and DE, and expected to launch imminently in RI (4Q18) and PA (4Q18-1Q19)
  - Timing of launch in NY (legalized sports betting in 2013) remains an open question
- Too soon to draw meaningful conclusions from limited NJ and DE data (MS and WV only recently began reporting)
  - Drawing conclusions from limited data is actually dangerous, data is skewed
- NJ – populous, retail / mobile distribution allowed, skins permitted – will be market to watch in near-term
  - We est. NJ will generate total handle of ~\$1bn during NFL months (August '18-January '19)
  - We est. 20 (out of 42 potential) mobile sports books will be live by EOY
  - We anticipate Meadowlands (given its ability to draw drive-in traffic from NYC) will dominate NJ land-based market



\$1B

*The amount of handle we expect NJ sports betting operators (retail + mobile) to generate during NFL months (August '18-January '19). During same period in CY17, NV sports betting operators generated handle of \$3.0bn.*



## Sports Betting – Key Trends

### 1. Mobile Betting Expansion Positive So Far

- 4 of 8 states where sports betting legal – NV, NJ, PA, WV – allow mobile wagering. In NV, however, in-person registration for mobile required, which is likely dampening mobile market growth there.
- 2 of 8 states – NJ, WV – allow casinos to deploy up to 3 mobile skins apiece, creating entry point for non-endemic sports betting brands (e.g., Bet365, Kindred Group).

### 2. Operator Licenses Limited To Retail Incumbents

- In all 8 states where sports betting legal, operator licenses limited to retail incumbents (e.g., casinos, racetracks), effectively forcing non-endemic brands to partner with incumbents for market access.
- Salient examples of such partnerships: the El Dorado-William Hill market-access agreement and the Boyd-FanDuel market-access agreement.

### 3. Leagues Losing Lobbying Battles

- To date, no states have adopted core league policy planks (e.g., integrity fees, control over data), despite particularly aggressive lobbying by the NBA-MLB tandem.
- CY19, we think, will be a make-or-break year for league lobbying efforts.

### Notable Market-Access Agreements



Market-access agreement announced Sept. 2018. Affords William Hill access to 13 states in which El Dorado owns/operates casinos.



**FANDUEL**

Market-access agreement announced Aug. 2018. Affords FanDuel access to 15 states in which Boyd and MGM own/operate casinos.



## Sports Betting – Legislative Outlook

### WAVE 1

*(Live in 2018)*

- Delaware
- Mississippi
- Nevada
- New Jersey
- Rhode Island
- West Virginia

### WAVE 2

*(Live in 2019-20)*

- Connecticut
- Illinois
- New York
- Oregon
- Pennsylvania

### WAVE 3

*(Live in 2021-22)*

- Arizona
- Colorado
- Florida
- Indiana
- Iowa
- Kansas
- Kentucky
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Ohio
- Oklahoma
- Wisconsin

### WAVE 4

*(Live after 2022)*

- Alabama
- Arkansas
- California
- Georgia
- Idaho
- Louisiana
- Maine
- Montana
- Nebraska
- New Hampshire
- New Mexico
- North Carolina
- North Dakota
- South Dakota
- Texas
- Vermont
- Virginia
- Washington

### WAVE 5

*(Unlikely to pass)*

- Alaska
- Hawaii
- South Carolina
- Tennessee
- Utah
- Wyoming

EST PERCENTAGE OF THE US ADULT POPULATION

**6%**

**17%**

**33%**

**39%**

**5%**



## Sports Betting – Three Product Predictions

### 1. Subpar Product For First Wave

- Rush to market places pressure on operators and suppliers, leaving market littered with MVP-like products.
- Plane being assembled mid-flight means that features / innovations will go to the back of the line for most.

### 2. Expect Growing Pains For Most Operators

- Too much on the plate for most operators to get into the nuances of the U.S. market and U.S. consumer.
- Operators with relevant experience / who crack the puzzle will be rewarded.

### 3. Sports Gaming Studios To Play Key Long-Term Role In Product Development

- Spectrum of games exist between salary-cap fantasy and traditional sports wagering.
- Competition for customers in next-wave sports betting states will drive demand among operators for free-play or quasi-betting wagering games.
- Competition in active states will drive operators to seek to diversify product.

### Numbers To Notice

42

*No. of potential online sportsbook brands in the New Jersey market if all available skins are utilized.*

31

*Number of days between the SCOTUS decision undermining PASPA and the launch of sports betting in New Jersey.*

## Sports Betting – Three Policy Predictions

### 1. The Leagues Will Get A Couple Ounces Of Flesh

- Leagues have shown willingness to act aggressively and may have sent a message in West Virginia despite resistance for lawmakers and regulators.
- Leagues may be able to split sports betting lobby.

### 2. Federal Action Unlikely, Limited

- We do not expect any meaningful federal legislative action.
- National monitoring clearinghouse offers a narrow avenue.
- Midterms could create an opportunistic environment.

### 3. Lotteries Will Become Increasingly Assertive

- Lotteries under significant pressure to diversify product.
- New category of product may open legal, legislative doors.
- May draw momentum from first-wave states.

### Numbers To Notice

**23%**

*Percentage of U.S. population that will have access to regulated sports betting by 2020.*

**4**

*Number of first-wave states (DE, OR, RI, WV) where the lottery is the de facto operator or regulator of sports betting.*



## Sports Betting – Three Market Predictions

### 1. NJ Market To Surpass NV Market By 2021 – Or Sooner

- Combination of factors could push the NJ sports betting market past the more mature NV market, in revenue terms, in relatively short order.
- Those factors include improved payment processing, high rates of black market recapture, cutting-edge mobile product, and construction of destination sportsbooks in / near major in- / out-of-state population centers.

### Numbers To Notice

4

*No. of years we think it will take the NJ sports betting market to surpass the more mature NV market in revenue terms.*

### 2. Mobile Revenue To Dominate In Mixed Retail/Mobile Markets

- In mixed retail/mobile markets (e.g., NJ, WV), retail/mobile revenue mix will shift to ~75/25 by 2023.
- Convenience will be a major driver of that shift.

\$442M

### 3. Early Movers Will Realize An Advantage

- Operators: Being first to market in a given state matters more than most people think. DraftKings realized a meaningful, persistent advantage in NJ.
- States: States with significant bordering population will win short-term demand from neighboring states that don't regulate. Some of that demand will persist even after neighboring states act, especially if product is inferior.

*Est. NJ sports betting revenue (retail + mobile) in 2021. Forecast assumes a rapid / bull-case ramp driven by factors including improved payment processing and very high rates of black market recapture. Fully mature market will exceed \$500m.*



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